Introduction

Trade secret litigation often involves “high stakes” or “bet-the-business” cases. For example, in July 2014, the 8th Circuit Court of Appeals affirmed a jury verdict totaling more than $31 million in actual and punitive damages for misappropriation of trade secrets. In 2007, in another case involving the misappropriation of trade secrets, the 8th Circuit affirmed a jury verdict totaling more than $2 million in actual and punitive damages. And as far back as 2004, the 8th Circuit upheld an award of punitive damages in another trade secrets case, which it remitted to $7 million. Because trade secrets have tremendous value to businesses, the protections provided by the Missouri Uniform Trade Secrets Act (MUTSA) can be critical to one’s clients.

Missouri Uniform Trade Secrets Act

A. Overview

Although trade secrets are an important category of intellectual property, their treatment under the law differs from other familiar types of intellectual property. Unlike patent law, which predicates protection on novelty and non-obviousness, trade secret laws focus on the secrecy and value of information and “are meant to govern commercial ethics.” Accordingly, “[t]rade secret protection does not shield an idea from ‘infringing’ other uses of the idea; instead it protects valuable information from being misappropriated despite reasonable efforts to keep it secret.”

In addition, unlike patents, copyrights and trademarks, which are protected by federal law, trade secret rights generally are protected by the laws of each individual state. The National Conference of Commissioners on Uniform State Laws adopted the Uniform Trade Secrets Act in 1979, codifying the principles of common law trade secret protection. Since then, 47 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands have adopted some form of the act. Missouri adopted its version of the act – the MUTSA – in 1995.

Since its adoption, the MUTSA has proved to be a valuable addition to Missouri businesses’ arsenal for protecting their competitively sensitive information. The pervasive use of mobile computing and data storage devices and the increasing ease with which information can be copied, stored and disclosed (whether intentionally or inadvertently) has made trade secret misappropriation more common. The MUTSA’s flexible remedial provisions make it an especially effective tool for protecting easily misappropriated electronic information. The MUTSA provides remedies for misappropriation and threatened misappropriation of a company’s trade secrets, including but not limited to theft by employees who may not be subject to a non-compete agreement. Pursuant to the MUTSA, a plaintiff may be entitled to compensatory damages, punitive damages, and/or injunctive relief if the plaintiff can prove actual or threatened misappropriation of a trade secret by the defendant.

It comes as no surprise that the MUTSA has received more attention...
and deeper analysis by Missouri courts in recent years. The body of case law concerning the MUTSA has developed significantly since the earlier version of this article was published in 2007.\textsuperscript{11} Earlier this year, the Supreme Court of Missouri confirmed for the first time that there are three general elements for a claim of misappropriation of trade secrets under the MUTSA: “(1) a trade secret exists, (2) the defendant misappropriated the trade secret, and (3) the plaintiff is entitled to either damages or injunctive relief.”\textsuperscript{12} Undoubtedly, the MUTSA will continue to be of significant value to Missouri businesses, continue to be the subject of litigation, and receive further analysis by Missouri courts in the foreseeable future.

B. What Is A Trade Secret?

Unlike a patent, whether information constitutes a “trade secret is determined by the value of a secret, not the merit of its technical improvements.”\textsuperscript{13} The MUTSA defines a trade secret as:

Technical or nontechnical data, a formula, pattern, compilation, program, device, method, technique, or process that . . . [d]erives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use.\textsuperscript{14}

The MUTSA further requires that the information be “the subject of efforts that are reasonable under the circumstances to maintain its secrecy.”\textsuperscript{15} “Matters of public knowledge or information that is generally known within a given industry cannot be appropriated as a trade secret.”\textsuperscript{16}

In addition to the key requirements set forth in the MUTSA, courts sometimes rely on six factors from the Restatement (First) of Torts, which pre-date the MUTSA, in determining whether information is a trade secret:

(1) the extent to which the information is known outside the [plaintiff’s] business;
(2) the extent to which it is known by employees and others involved in the business;
(3) the extent of the measures taken by the [plaintiff] to guard the secrecy of the information;
(4) the value of the information to the [plaintiff] and its competitors;
(5) the amount of effort or money expended by the [plaintiff] in developing that information; and
(6) the ease or difficulty with which the information could be properly acquired or duplicated by others.\textsuperscript{17}

Although these “factors are not part of the Uniform Trade Secrets Act, the act essentially incorporates these factors in its definition of trade secrets.”\textsuperscript{18}

The MUTSA expressly provides that compilations of information can be protected as trade secrets.\textsuperscript{19} Notably, the incorporation of publicly available information into a compilation does not defeat its ability to attain trade secret status.

Compilations of non-secret and secret information can be valuable so long as the combination affords a competitive advantage and is not readily ascertainable. Compilations are valuable, not because of the quantum of secret information, but because the expenditure of time, effort, and expense involved in its compilation gives a business a competitive advantage.\textsuperscript{20}

Indeed, the U.S. Court of Appeals for the 8th Circuit has observed that “[t]his value is not dependent on how much of the information is otherwise unavailable because ‘the effort of compiling useful information is, of itself, entitled to protection even if the information is otherwise generally known.’”\textsuperscript{21} Protection of compilations, however, is not without limits. Even though “novel or unique combination[s] of elements may constitute a trade secret[,] … mere variations on widely used information cannot be trade secrets.”\textsuperscript{22}
Ultimately, the existence of a trade secret is a conclusion of law based on the applicable facts. However, if the facts the Court uses to determine whether information constitutes a trade secret are disputed, the finder of fact must first resolve those disputes.

1. What Type of Information Has Been Determined to Warrant Trade Secret Status?

Information need not rise to the level of the Coca-Cola formula or the Kentucky Fried Chicken recipe to qualify as a trade secret. The following types of information have qualified as trade secrets under the MUTSA:

- detailed customer contacts, product specifications, price information and material requirements contained in a book;
- “dimensions and tolerances” for a product, engineering drawings, “product pricing information, customer-specific product purchases, [and] quantities of products” purchased by specific customers;
- “lead sheets and customer files … contain[ing] proprietary computer analysis of potential customers’ financial needs”;
- advertising materials and marketing plans presented at a company’s annual planning meeting, changes and additions to services offered to customers, and compensation and pricing issues;
- a concept that solved a problem for a type of financial product;
- “rail testing technology, marketing strategies, and pricing structure[s];”
- insurers’ market share and premium data for residential insurance broken down by specific zip codes;
- revised helicopter overhaul documents containing “details about processes, procedures, techniques, and material specifications,” which were prepared by a helicopter engine manufacturer to update approved overhaul procedure for engines;
- documents listing current and future features of a remote patient monitoring system, documents identifying functionality currently lacking in the system, and documents identifying the core functionalities of the system; and
- PowerPoint presentations containing compiled research on consumer behavior in the greeting cards market.

A discussion of the courts’ treatment of various categories of information under Missouri’s trade secret laws is set forth in the following paragraphs.

a. Customer Lists as a Trade Secret

Before the adoption of the MUTSA, Missouri courts had found that customer lists could be trade secrets under the Restatement of Torts. Although customer lists may still be entitled to protection under the MUTSA, recent case law makes it clear that Missouri courts will not automatically conclude that a customer list is entitled to protection as a trade secret, but will instead engage in an analysis of the information in light of the applicable statutes and case law.

The three recent cases of Brown v. Rollet Brothers Trucking Company, Inc.,

Towne Air Freight, L.L.C. v. Double M Carriers, Inc.

and Central Trust and Investment Company v. Kennedy (Central Trust I) are illustrative.

The Brown court observed that “[c]ustomer lists are protectable as trade secrets only when they represent ‘a selective accumulation of information based on past selling experience, or when considerable time and effort have gone into compiling it.’” The court further cautioned that “[t]o be protected, a customer list must be more than a listing of firms or individuals which could be compiled from directories or other generally available sources.” In Brown, although the customer list at issue took the owner more than 20 years to compile and consisted of customer information such as the customer’s name, location, phone number, contact person, and sometimes the type of commodity associated with the customer, the evidence also revealed that most of the information on the customer list was available to the public through two websites. Accordingly, the Brown court concluded that the customer list was not a trade secret.

Relying heavily on Brown, the Towne Air Freight court concluded that there was insufficient evidence presented in connection with plaintiff’s motion for a preliminary injunction to conclude that the plaintiff’s customer list was a trade secret under Missouri law. Among other evidence, the defendants submitted deposition testimony from one of plaintiff’s former employees, who testified that he had no knowledge of whether the customer list was in a written format and “that the customer list was a constantly changing variable.” Notably, the Towne Air Freight court did not foreclose the possibility that the plaintiff could muster sufficient evidence to prove at trial that the customer list was a trade secret by observing that “a full record might lead to a different conclusion.”

Before the Supreme Court of Missouri accepted transfer of the case and subsequently affirmed it on other grounds, the Missouri Court of Appeals in Central Trust I had concluded that another customer list was not a trade secret. The Court of Appeals reasoned that “[c]lient lists and databases are not specifically listed in the definition of ‘trade secret’ found in” the MUTSA and that the specific list at issue in the case did not otherwise “meet the statutory definition of trade secret nor … the six-factor test set”
forth in Missouri case law. After accepting transfer, the Supreme Court of Missouri in *Central Trust & Investment Co. v. SignalPoint Asset Management, L.L.C. (Central Trust II)* sidestepped the issue and declined to comment on whether the client list at issue in the case was in fact a trade secret. Instead, the Supreme Court affirmed the decision of the lower courts on the grounds that there was no misappropriation, regardless of whether it was actually a trade secret.

b. Other Types of Trade Secret Information

The 8th Circuit, in *AvidAir Helicopter Supply, Inc. v. Rolls-Royce Corporation*, held that recent revisions of Distributor Overhaul Information Letters (DOILs) – which provided “details about processes, procedures, techniques, and material specifications” for a Federal Aviation Administration approved overhaul procedure for a specific model of helicopter engine – were entitled to trade secret protection despite the fact that prior versions of the DOILs were publicly available. The *AvidAir* court further noted that it “must look at whether the duplication of the information would require a substantial investment of time, effort, and energy.” The defendant did not dispute that it “avoided the burdensome expense of reverse engineering the updated specifications contained in the DOILs by simply acquiring the documents [plaintiff] claimed were protected.” The *AvidAir* court observed that the defendant’s “repeated attempts to secure the revised DOILs without [plaintiff’s] approval belies [defendant’s] claim that the information in the documents was readily ascertainable or not independently valuable.”

In *Cerner Corporation v. Visicu, Inc.*, the U.S. District Court for the Western District of Missouri considered whether documents listing current and future features of a remote patient monitoring system, documents identifying functionality currently lacking in the system, and documents identifying the core functionalities of the system were trade secrets. With respect to the documents listing current and future features and gaps in functionality of the remote patient monitoring system, the *Cerner* court observed that these were more than “mere variations on widely used information” and that the owner required non-disclosure agreements and labeled the documents as proprietary and confidential before disseminating them. With respect to the core functionality document and other documents concerning functionality of the system, the court observed that they also contained confidentiality markings and were of value in developing the system. Accordingly, the *Cerner* court concluded that these documents were trade secrets.

The 8th Circuit, in *Hallmark Cards, Inc. v. Monitor Clipper Partners, L.L.C. (“Hallmark II”),* concluded that PowerPoint presentations setting forth research findings concerning human behavior in the greeting cards market constituted trade secrets. The plaintiff required the defendant to sign “confidentiality agreements preventing [the defendant] from sharing these findings with anyone else.” The defendant argued that the PowerPoint presentations could not be trade secrets because (a) the plaintiff had published broad generalities about the greeting cards market based on the more detailed information contained in its PowerPoint presentations; and (b) the information “had grown ‘stale’ in the four years between [its] creation” and defendant’s acquisition of it.
rejecting the defendant’s arguments, the Hallmark II court observed that the plaintiff did not publish anything beyond broad generalities and that the value of the information in the PowerPoint depends on more than such broad conclusions. The court further observed that although “the economic value of the presentations may have diminished … prior to [their] misappropriation,” the evidence showed that “information about the greeting cards market was … ‘sparse’” and “the paucity of other information available meant that the presentations still provided a valuable source of knowledge about the greeting cards market.”

The U.S. District Court for the Eastern District of Missouri considered whether engineering plans for coal plants, business plans and financial models, criteria for evaluating site locations, “vendor network information and bidding estimates,” and project schedules were trade secrets. In Secure Energy, Inc. v. Coal Synthetics, L.L.C., the plaintiffs generally claimed that similarities between plaintiffs’ information and defendants’ information was evidence of misappropriation and that defendants could not have developed their information without using plaintiffs’ information. Defendants, on the other hand, generally claimed that plaintiff failed to sufficiently specify what information it believed was misappropriated, that certain of the information was already in the public domain, and that certain information was outdated and stale. Ultimately, the Secure Energy court concluded that these were issues of fact for resolution by a jury before it could be determined whether the information at issue constituted a trade secret.

A detailed discussion of additional cases addressing whether other types of information are entitled to trade secret status under Missouri law is contained in the earlier version of this article.

2. Reasonable Steps Required to Maintain Secrecy

Under the MUTSA, the party trying to establish the existence of a trade secret must establish that the information “[i]s the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” Generally, matters of public knowledge cannot be trade secrets. However, “[t]he fact that a trade secret was successfully misappropriated does not defeat the fact that there were reasonable efforts to maintain . . . secrecy.” Furthermore, the law does not impose a burden on businesses to take every conceivable step to protect the confidentiality of their trade secret information. The steps “need not be overly extravagant, and absolute secrecy is not required.” Rather, the test is only whether the business took “reasonable” steps. For example, “[t]he use of proprietary legends on documents or the existence of confidentiality agreements are frequently-considered factors in establishing or denying a trade secret claim.”

The failure to use confidentiality or non-disclosure agreements and “confidential” or proprietary legends in connection with the alleged trade secret materials is not dispositive of the issue of reasonable efforts to maintain confidentiality. For example, in Lyn-Flex West, Inc. v. Dieckhaus, the plaintiff offered the following evidence that its price book, which it claimed to be a trade secret, was subject to reasonable efforts to maintain its secrecy: plaintiff’s “employees knew the book was confidential;” plaintiff limited access to the book; plaintiff “locked [the book] in an office at night;” plaintiff shredded old copies of the book; the book was only taken from the office during sales calls; and only one employee could print the book. The defendants argued that the book was not confidential since it was not stamped as confidential and employees with access to it did not sign a confidentiality agreement. The court disagreed. Instead, the Lyn-Flex court found that the lack of a stamp or a confidentiality agreement was not conclusive, as there were other indications that the book was treated as confidential. The court also observed that the defendants, as former “officers of [the plaintiff], owe independent fiduciary duties to the [plaintiff],” including the duty “to protect trade secrets from disclosure.”

Although their absence is not dispositive of the issue of reasonable efforts, the use of well-drafted confidentiality or non-disclosure agreements and confidentiality or proprietary information designations is helpful. The cases of Bancorp Services, L.L.C. v. Hartford Life Insurance Company (“Bancorp I”), Cerner Corporation v. Visicu, Inc., Custom Hardware Engineering & Consulting, Inc. v. Dowell” and AvidAir Helicopter Supply, Inc. v. Rolls-Royce Corporation are instructive.

In Bancorp I, the court observed that the existence of a non-disclosure agreement “is an important factor to consider in determining whether reasonable steps were taken.” The plaintiffs claimed that certain information they disclosed to a consultant, who then disclosed the information to another entity, was a trade secret. Although there existed certain standard procedures to maintain confidentiality of the alleged trade secret information – procedures such as “(1) limiting the number of people [with] access to the information; (2) limiting the scope of distribution; (3) requiring confidentiality agreements; [and] (4) placing confidential or proprietary notices on documents circulated outside of the company” – the consultant never actually entered into any agreement to treat the information as confidential. Moreover, plaintiffs presented no evidence to indicate that they actually followed any of the other procedures. Accordingly, the Bancorp I court held
that the efforts to protect the alleged trade secrets were not reasonable.\textsuperscript{81}

In \textit{Cerner}, the court relied heavily on the existence of non-disclosure agreements and confidentiality designations in determining that plaintiff took reasonable steps to protect its information.\textsuperscript{82} The \textit{Cerner} court expressly noted that plaintiff required contractors to sign non-disclosure agreements prior to being shown any confidential information, labeled documents as confidential and proprietary, and required that potential customers sign non-disclosure agreements before participating in sales presentations in which confidential information might be revealed.\textsuperscript{83}

In \textit{Custom Hardware Engineering & Consulting}, the plaintiff required the defendants – each of whom was a former employee of plaintiff – to sign agreements that limited their access or use of plaintiff’s information and prohibited them from retaining, disclosing, or using plaintiff’s information without authorization.\textsuperscript{84} The court relied exclusively on these agreements in concluding that the plaintiff took reasonable steps to protect its secret information.\textsuperscript{85}

In \textit{AvidAir}, “the documents in question were labeled with proprietary-rights legends” and there was no evidence presented that the plaintiff “distributed them to a party not bound by confidentiality agreements.”\textsuperscript{86} The defendant argued that plaintiff must have failed to take reasonable steps to protect its documents because defendant was able to acquire them from others.\textsuperscript{87} The court rejected defendant’s argument and observed that the record reflected that defendant “either acquired the documents from others who were not authorized to provide [defendant] with the documents, or … from others who had themselves misappropriated the documents.”\textsuperscript{88} The court instead focused on the plaintiff’s use of legends and confidentiality agreements and concluded that the plaintiff took reasonable steps to protect its secret information.\textsuperscript{89}

A detailed discussion of additional cases addressing “reasonable steps” to protect trade secrets under Missouri law is contained in the earlier version of this article.\textsuperscript{90}

3. Trade Secrets Must Derive Value from Not Being Readily Ascertainable

To be a trade secret, information must also derive some value “from not being generally known … and not being readily ascertainable by others.”\textsuperscript{91} Notably, however, “[t]he fact that information can be ultimately discerned by others—whether through independent investigation, accidental discovery, or reverse engineering—does not make it unprotectable.”\textsuperscript{92}

Instead, courts consider “whether the duplication of the information would require a substantial investment of time, effort, and energy.”\textsuperscript{93} Accordingly, evidence that time, burden, and expense was be saved by simply misappropriating information, rather than having to reverse engineer it, supports the conclusion that the information “derives its value from not being readily ascertainable.”\textsuperscript{94}

C. Practical Considerations to Protect Trade Secrets

Based on the applicable case law and the current state of technology, businesses can take a number of steps that may, depending on the circumstances, safeguard trade secrets. Examples of some basic steps include:

- Allowing employees or contractors access to trade secret information based on a “need to know” basis, giving each employee or contractor access only to that level of information that is required to perform his or her job function;
- Requiring employees and third parties who will have access to trade secrets to sign separate confidentiality or non-disclosure agreements;
- Including a separate confidentiality policy within an employee handbook that includes an acknowledgment by the employee that the employee will abide by the terms of the employee handbook, including the confidentiality policy;
- Limiting access to electronic data through the use of various authentication techniques, such as passwords, tokens that generate new access codes over time, personal identification numbers, or other safeguards;
- Stamping key documents “confidential” or “proprietary;”
- Storing hard copies of trade secret information in locked cabinets or rooms;
- Prohibiting the copying of trade secret information;
- Instituting and enforcing guidelines or procedures concerning the handling of trade secret information by employees and contractors who must have access to such information off of a company’s premises, including possibly requiring encryption of trade secret information that is stored and transmitted by employees or contractors;
- Conducting training for new employees regarding the types of information the company considers to be confidential, the company’s policy for handling such information, and the employees’ duty to maintain the confidentiality of such information; and
- Conducting regular training to remind existing employees of their confidentiality obligations.

As already noted, the standard is whether there were “reasonable measures,” not foolproof safeguards. Thus, it is not necessary for a business to
Institute all possible measures. Courts are mindful of costs and practical considerations, and look to the facts of the particular case in determining whether reasonable measures were taken.

In addition to the above-mentioned steps to safeguard information, businesses should remind departing employees during the employees’ exit interviews of their promises contained within confidentiality or non-disclosure agreements. Among other things, consider asking the employees whether they possess copies of any trade secret data, whether they made any hard copies of trade secrets, whether they took or emailed any electronic data to a new employer or to a home computer, and whether they downloaded electronic data onto a portable data storage device. Businesses should also provide departing employees with copies of their executed confidentiality or non-disclosure agreements.

Finally, rather than immediately wiping and re-purposing computer hardware used by departing employees, businesses should consider powering down such equipment and placing it in a secure environment where it will not be used, altered, or otherwise disturbed for a period of time so that, should it become necessary, a forensic review of such hardware can be conducted to search for valuable evidence of misappropriation.

D. Actual or Threatened Misappropriation

1. Overview

In addition to a finding that the information at issue constitutes a trade secret, there must be “actual or threatened misappropriation” before a plaintiff is entitled to relief under the MUTSA.95 “Whether a trade secret has been misappropriated is a question of fact.”96 Section 417.453(2) of the MUTSA sets forth a long list of conduct that constitutes misappropriation. Misappropriation includes:

(a) [The] [a]cquisition of a trade secret…by another person who knows or has reason to know that the trade secret was acquired by improper means; or (b) [The] [d]isclosure or use of a trade secret…without [the] express or implied consent by another person who:

i. Derived from or through a person who owed a duty to maintain secrecy or limit its use; or

ii. Acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or

iii. Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use.97

Recently, the Supreme Court of Missouri in Central Trust II more succinctly observed that pursuant to the plain language of the MUTSA, misappropriation occurs in three scenarios: (1) when a person acquires the trade secret while knowing or having reason to know that he or she is doing so by improper means, (2) when a person who has acquired or derived knowledge of the trade secret discloses it without the owner’s consent, or (3) when a person who has acquired or derived knowledge of the trade secret uses it without the owner’s consent.98

Notably, the mere acquisition of a person’s trade secrets through proper and legal means is not a misappropriation that will give rise to a violation of the MUTSA.99 “‘Improper means’ includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means[,]”100 In Cerner, the court observed that there was evidence from which a fact finder might conclude that the defendant acquired trade secrets through improper means by inducing an entity with a duty to maintain secrecy to send trade secret information to the defendant.101 Among other things, the plaintiff produced an email sent from the defendant to the disclosing entity requesting any documentation with details concerning a proprietary technology.102

In Central Trust II, the Supreme Court of Missouri concluded that a business cannot be liable for misappropriation of trade secrets simply by retaining as an independent contractor an individual who misappropriated trade secrets from a former employer.103 In reaching its conclusion, the court observed that the former employer was unable to provide any evidence that the company that retained the former employee as an independent contractor ever had access to the alleged trade secret – a client list – and, therefore, there was no proof that the new company “acquired, disclosed, or used” the alleged trade secret.104 The court further noted that there was no evidence that anyone could discern which of the independent contractor’s clients were new and which were from the list.105
In certain circumstances, a defendant’s use of technology or information identical to a plaintiff’s unique technology or information can provide some evidence of the misappropriation of the trade secrets underlying that technology. For example, in Custom Hardware Engineering & Consulting, Inc. v. Dowell, a computer hardware maintenance service provider filed an action against three former employees who started a competing firm. Among other things, plaintiff alleged that defendants misappropriated trade secrets— including but not limited to “source code, the know-how behind [plaintiff’s] intellectual property, [and] knowledge of how [plaintiff] performs the development of its [intellectual property]”— concerning technology that allowed plaintiff’s “personnel to monitor and troubleshoot computer systems remotely.” The court noted that the new firm’s website represented that its “services included developing custom solutions around mainframe tape and disc storage systems.” The court also observed that “[plaintiff] provided evidence that [it] offer[ed] these [same] services, and that [it] was the only company with remote monitoring software for mainframe tape and disk systems.” In denying the defendants’ motion for summary judgment, the court concluded that this was evidence “that demonstrate[d], at the very least, a likelihood that [the] defendants used”—and, therefore, misappropriated—the plaintiff’s confidential information.

Similarly, in Secure Energy, Inc. v. Coal Synthetics, L.L.C., in denying defendants’ motion for summary judgment, the court concluded that “[p]laintiffs provide[d] evidence … [of] misappropriate[ion] [of] their engineering plans and specifications” by “not[ing] several similarities between Plaintiffs’ plans and drawings and [the defendants’] plans and drawings.” The court also concluded that there was an issue of fact concerning the misappropriation of plaintiffs’ business plan and financial models because plaintiffs’ and one of the defendants’ “business plans and financial models were virtually identical.” In addition, the Secure Energy court concluded that because one of defendants’ proposed coal gasification plant locations satisfied plaintiffs’ site selection criteria, there was evidence that the defendant misappropriated plaintiffs’ site selection system.

A detailed discussion of additional cases addressing whether actions of a defendant constitute misappropriation under Missouri law is contained in the earlier version of this article.

2. Inevitable Disclosure Doctrine

Under the inevitable disclosure doctrine, “a plaintiff may prove a claim of trade secret misappropriation by demonstrating that [a] defendant’s new employment will inevitably lead him to rely on the plaintiff’s trade secrets.” Most importantly,

[under the doctrine of inevitable disclosure, a court may impose a covenant not to compete upon the former employee where the court finds the employee had access to a legitimate trade secret, the employee would inevitably disclose that trade secret in the performance of his new job, and the disclosure of the trade secret would cause irreparable harm to the employer.]

No Missouri case has applied the inevitable disclosure doctrine to find a violation of the MUTSA. Although three cases expressly addressed the theory of inevitable disclosure in Missouri, those courts found the doctrine inapplicable to the specific facts of those cases. Unfortunately, no Missouri case has expressly decided whether the doctrine is available in Missouri under the MUTSA.
Recently, in *Lasco Foods, Inc. v. Hall & Shaw Sales, Marketing & Consulting, L.L.C.*, the court declined to determine “whether the doctrine of inevitable disclosure is viable in Missouri courts” and held instead that the doctrine was inapplicable because “Plaintiff ha[d] not asked for a restrictive covenant in its prayer for relief or in any other pleading.” A detailed discussion of additional cases addressing the inevitable disclosure doctrine is contained in the earlier version of this article. The fact that these Missouri courts did not reject the inevitable disclosure doctrine as inapplicable to cases arising under the MUTSA leaves the door open as to whether under the appropriate facts this doctrine may be used to prove threatened misappropriation in Missouri.

E. Relief Available Under the MUTSA

Under the MUTSA, injunctive relief and actual and punitive damages are remedies available for actual misappropriation of trade secrets. In addition, the MUTSA provides that a “threatened misappropriation of trade secrets may be enjoined.”

1. Injunctive Relief for Actual or Threatened Misappropriation

Injunctive relief under the MUTSA comes in many different forms. A plaintiff alleging actual or threatened misappropriation under the MUTSA may seek an injunction prohibiting the defendant’s use and disclosure of plaintiff’s trade secrets. A plaintiff also may seek an injunction prohibiting the defendant from soliciting plaintiff’s customers.

a. Duration of Injunctive Relief

“A defendant [may] be enjoined only for the time it would take to produce and market the competitive product, absent the misappropriation.” The MUTSA expressly provides that an “injunction may be continued for [a] reasonable … time in order to eliminate [any] commercial advantage that otherwise would be derived from the misappropriation.” However, an injunction prohibiting conduct for “an open-ended or indefinite period of time … is unreasonable and unenforceable.” For example, a trial court’s injunction that prohibits disclosure “to ‘any unauthorized person’ any ‘Confidential Information and/or Trade Secrets’ ‘during his/her employment or at any time thereafter[,]’” was held to be unreasonable and unenforceable.

In *Synergetics, Inc. v. Hurst*, the plaintiff sought “an injunction to keep defendants from using or disclosing, for as long as the information remains plaintiff’s trade secret, the dimensions and tolerances of plaintiff’s surgical forceps and scissors products, plaintiff’s pricing information, product information, product prioritization, and customer information.” The court observed:

In a case involving the misappropriation of trade secrets, Missouri courts employ the so-called “head start” rule . . . . Under that rule, [the prevailing party] is entitled to present evidence of how long it would have taken [defendant] to reproduce [the employer’s trade secrets], absent the misappropriation.…

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The head start rule is based on the premise that, by misappropriating trade secrets, [employees] were able to cut short the time it would otherwise have taken them to reproduce [the employer’s trade secrets].

Applying the MUTSA, the district court granted the requested injunction for a prospective period of two years, which the court found was the amount of time the defendants would need to develop the information on their own through observation and investigation absent the misappropriation. The 8th Circuit affirmed the injunction.

A court must terminate an injunction “when the trade secret cease[s] to exist,” Accordingly, information otherwise protectable as trade secret may not warrant injunctive relief if it is stale at the time of the lawsuit or will quickly become stale. For example, in *Carboline Company v. Lebeck*, a former employer claimed as a trade secret “a power industry marketing plan that [its former employee] created for fiscal year 1997, which ended” before the former employer filed its lawsuit on November 25, 1997. The court concluded that the plan was not a trade secret and further observed that the former employee did not help to compose the plan for fiscal year 1998 and that “much of the information … in [the] plan [was] readily available in trade publications.” The “[d]etermination of when trade secret information becomes stale cannot be made by reference to a bright line rule and necessarily requires fact specific consideration.”

An aggrieved party must act promptly or risk limiting the right to otherwise available remedies. In *Merrill Lynch Pierce Fenner & Smith v. Zimmerman*, the plaintiff filed a lawsuit against the defendant for violation of the MUTSA and sought a temporary restraining order to prevent the defendant from using the alleged trade secrets. Plaintiff employed the defendant for more than six years as a financial consultant before he resigned and took a similar position with one of the plaintiff’s competitors. Prior to his resignation, the defendant made copies of certain of plaintiff’s trade secrets. After finding the plaintiff would “suffer irreparable injury” without a temporary restraining order (TRO), the court analyzed the public
interest involved. Although “[t]he court recognize[d] the strong public interest [behind] protecting trade secrets[,]” the court stated that the fact that the plaintiff actually knew of the defendant’s misappropriation 16 days before filing the lawsuit mitigated the public interest element. Therefore, the court, in perhaps a harsh ruling, refused to enter a TRO with respect to customers who switched their accounts to the defendant’s new firm during this 16-day period before the plaintiff filed suit.

b. Payment of Royalties in Exchange for Future Use of a Trade Secret

The MUTSA expressly provides that “in exceptional circumstances, an injunction may condition future use [of the trade secret] upon payment of a reasonable royalty for no longer than the period of time for which use could have been prohibited.” The MUTSA specifies that “exceptional circumstances include, but are not limited to, a material and prejudicial change of position prior to acquiring knowledge or reason to know of misappropriation that renders a prohibitive injunction inequitable.”

c. Other Affirmative Acts

Ultimately, the MUTSA affords courts a great deal of discretion in the types of mandatory injunctive relief that courts may order. The MUTSA generally provides that in “appropriate circumstances” a court may compel “affirmative acts to protect a trade secret.” The MUTSA does not explain what constitutes “appropriate circumstances” nor does it specify what “affirmative acts” the drafters had in mind.

3. Damages for Misappropriation

Despite the damages resulting from a misappropriation of trade secrets may be substantial and difficult to value, the MUTSA does not change the basic rule that a plaintiff cannot receive “multiple recoveries for the same injury.” In Mihlfeld & Associates, Inc. v. Bishop & Bishop, L.L.C., the plaintiff “alleged the same injury

a. Actual Damages

Although the damages resulting from a misappropriation of trade secrets may be substantial and difficult to measure, the MUTSA does not change the basic rule that a plaintiff cannot receive “a reasonable royalty for a misappropriator’s unauthorized disclosure or use of a trade secret.” A court’s ability to award damages, however, is not without limits. Damages under the MUTSA may be unavailable when “a material and prejudicial change of position prior to acquiring knowledge or reason to know of misappropriation renders a monetary recovery inequitable.” The MUTSA also expressly provides that a court may award punitive damages if the “misappropriation is outrageous because of the misappropriator’s evil motive or reckless indifference to the rights of others.”

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and requested the same measure of damages on [its trade secret count and] three other counts in which it prevailed.” On appeal, the plaintiff alleged that the trial court erred in not awarding damages specifically under the trade secret count. In concluding that there was no error, the Mihlfeld & Associates court observed that “although the trial court did not award damages specifically under [the trade secret count], damages for the injuries caused by the wrongful acts alleged in [that count] were awarded under [three other counts].” The court held “that a plaintiff must establish a separate injury on each theory” and that plaintiff’s “actual damages under [its trade secret] count were fully satisfied by other damage awards in the judgment.”

In Hallmark II, the 8th Circuit rejected a defendant’s claim that the plaintiff was seeking to recover twice for the same injury. In Hallmark II, the plaintiff’s trade secret information was originally misappropriated by one entity and subsequently transmitted to the defendant, which then used the information to acquire and manage an entity to compete with plaintiff. The plaintiff settled its claims against the defendant, which then used the information to acquire and manage an entity to compete with plaintiff. The plaintiff complained that the resulting fore-seeable changes in the parties’ competitive posture; [•] [T]he prices past purchasers or licensees may have paid; [•] [T]he total value of the secret to the plaintiff, including the plaintiff’s development costs and the importance of the secret to the plaintiff’s business; [•] [T]he nature and extent of the use the defendant intended for the secret; and … [•] Other unique factors in the particular case which might have affected the parties’ agreement, such as the ready availability of alternative processes.

The Secure Energy court further noted that although “expert testimony is not required for a jury to award damages, [such] expert testimony may be a factor in [the jury’s] analysis.”

b. Reasonable Royalty
In trade secrets cases, “[t]he absence of actual profits [by defendants] does not preclude defendants from being obligated to pay for what they have wrongfully obtained. Because the plaintiff’s loss or the defendant’s gain may be very difficult to calculate in intellectual property cases, a reasonable royalty is ‘a common form of award in both trade secret and patent cases.” Furthermore, the MUTSA expressly provides that “[i]n exceptional circumstances, an injunction may condition future use [of a trade secret] upon payment of a reasonable royalty” for, at most, the period of time that use of the trade secret could be prohibited. “Exceptional circumstances include, but are not limited to, a material and prejudicial change of position prior to acquiring knowledge or reason to know of misappropriation that renders a prohibitive injunction inequitable.”

“A reasonable royalty may be computed in various ways, including a lump-sum royalty based on expected sales or a running royalty based on a percentage of actual sales.” In determining a reasonable royalty, Plaintiffs must first create a hypothetical negotiation between the parties set at the time the misappropriation began. The reasonable royalty should be equal to “the royalty the parties would have agreed to, taking into consideration the market at that time.”

Notably, in Secure Energy, the U.S. District Court for the Eastern District of Missouri has observed that “expert testimony may not be necessary for the jury to award reasonable royalty damages.” Among other authorities, the Secure Energy court cited an opinion from the U.S. Court of Appeals for the 5th Circuit, which observed that the trier of fact should consider the following factors to approximate what the parties would have agreed to had they bargained in good faith at the time of the misappropriation:

• The resulting and foreseeable changes in the parties’ competitive posture;
• The nature and extent of the use the defendant intended for the secret; and …
• Other unique factors in the particular case which might have affected the parties’ agreement, such as the ready availability of alternative processes.

c. Punitive Damages
“Under Missouri law, ‘punitive damages may be awarded for conduct that is outrageous, because of the defendant’s evil motive or reckless indifference to the rights of others.’ For purposes of punitive damages:

The necessary mental state is found when a person intentionally does a wrongful act without just cause or excuse. When someone intentionally commits a wrong and knew that it was wrong at the time, an evil motive and wanton behavior is exhibited. An evil intent may also be inferred where a person recklessly disregards the rights and interest of another person.
A “plaintiff must establish by clear and convincing evidence that the defendant possessed such a mental state.”169

In Hallmark II, the 8th Circuit affirmed an award of $10 million in punitive damages against the defendant for its misappropriation of trade secrets. The record established the defendant engaged in “numerous attempts to conceal its misappropriation of the [plaintiff’s] trade secrets, … ignored numerous litigation holds, destroyed records, erased computers, and generally sought to avoid liability for its wrongdoing in whatever way it could.”170 The court observed that “[t]his massive cover-up demonstrates, at the very least, that [defendant] acted in reckless disregard of the rights of [the plaintiff], which suffices under Missouri law to support an award of punitive damages.”171 The 8th Circuit also found that the $10 million punitive damages award was not constitutionally excessive, noting its “relatively small size” compared to the $21.3 million in compensatory damages.172

In Secure Energy, the court denied the defendant’s motion for summary judgment regarding punitive damages, finding that the plaintiff’s “allegations, if proved, may provide a sufficient basis for submitting punitive damages to the jury.”173 Among other things, the plaintiff alleged that the defendants “knew that they had confidential information, used that information to start [a competing business], and instructed . . . employees to keep that information confidential.”174

In Conesco, the 8th Circuit upheld the district court’s decision to award punitive damages but held that the amount awarded was unconstitutional.175 The court found that the defendant’s “conduct was ‘widespread and systematic’ and ‘reprehensible.’”176 The defendant’s management knew that employees worked for and were paid by both companies at the same time and, rather than undertake any investigation or corrective action, it used the dual employment as a “model” in other offices. The defendant’s actions “involved trickery and deceit, and an utter disregard for Conesco and – even more heinously – the privacy of its customers.”177 Despite the “outrageousness of the defendant’s conduct,” the court found that the ‘punitive award [did] not comport with the requirements of the Due Process Clause”… “because of the significant variance between” the $3.5 million actual damage award and the $18 million punitive damages award.178 The court remitted the punitive damages award to $7 million.179

E. Preemption and the Interplay Between MUTSA and Federal Intellectual Property Statutes

The MUTSA “displace[s] conflicting tort, restitutory, and other laws of this state providing civil remedies for misappropriation of a trade secret.”180 The court in Custom Hardware Engineering & Consulting v. Dowell clarified that “civil claims that are derivative of a claim of misappropriation of trade secrets are preempted” and derivative claims include those “[c]laims based on facts related to the misappropriation claim.”181 The MUTSA’s preemption provision, however, does not apply to contract claims, other civil remedies not based upon misappropriation of a trade secret, or criminal remedies.182

In Hallmark Cards, Inc. v. Monitor Clipper Partners, L.L.C. (“Hallmark I”), the court observed that there is a dispute between whether “non-contract, civil claims based on the … acquisition, disclosure or use of confidential and/or commercially viable information” are preempted by the MUTSA either: (a) only after “the Court determines [that] the information at issue constitutes [a] trade secret[]”; or (b) even if the information at issue “does not rise to the level of a statutorily-defined trade secret.”183 Ultimately, the Hallmark I court predicted that the Supreme Court of Missouri would resolve this issue by holding that other civil claims relating to misappropriation are preempted only after the information is determined to be a trade secret.184 The court held that, until a determination is made as to whether the information at issue constitutes a trade secret, no conclusion can be made as to whether the other counts are preempted.185

When a plaintiff’s “ pleadings unequivocally base [other] claims on misuse of trade secrets,” those claims may be preempted even before the court determines that the information at issue constitutes a trade secret.186 In Reliant Care Management Company v. Health Systems, Inc., the court granted summary judgment dismissing the plaintiffs’ common-law claims for unfair head start, conversion, and prima facie tort because plaintiffs’ pleadings demonstrated that those claims were based on misuse of trade secrets. Although plaintiffs apparently tried to distinguish the statements in their pleadings, the court observed in its summary judgment order that “[p]laintiffs cannot change their theories now.”187

A detailed discussion of additional cases addressing preemption and the MUTSA is contained in the earlier version of this article.188

Discovery Strategy Before and After Filing Suit

With today’s technology it is easy, quick, and inexpensive to store and transmit vast amounts of information. When a person or entity suspects that valuable information (especially competitively sensitive information) has been misappropriated – whether by an employee, an outside contractor, or an unrelated third party – quick action is required.
An employer faced with misappropriation by a departing employee should determine whether the employee misappropriated the trade secrets to use in competition against the former employer. If so, in addition to determining whether the employee signed a non-disclosure or confidentiality agreement, the employer should ascertain whether the former employee signed a non-compete agreement or similar restrictive covenant.

Before filing suit, an employer should also consider interviewing the supervisor or co-workers of the former employee. These interviews can provide important information regarding the types of information to which the employee had access and, potentially, the employee’s motives for leaving.

Furthermore, an employer should consider a forensic examination of the employee’s computer. Capable forensic computer experts can quickly make a forensically-sound copy of any computer hard drives in question, and then perform searches using key terms. The cost of such a forensic examination may be recoverable as an element of damages under federal and Missouri computer tampering acts.189 Moreover, conducting a forensic examination of a former employee’s computer is often critical in determining whether, and what type of, trade secrets were misappropriated. Often, an employer can find “smoking gun” evidence of the misappropriation through a forensic examination.

Forensic evidence also can be an important piece of evidence in persuading a court to enter a temporary restraining order to enjoin a former employee from using data or soliciting the former employer’s customers, even where a covenant not to compete does not exist. Courts often are more willing to enter a TRO if there is forensic evidence – such as an email – indicating that a former employee misappropriated electronic data with the intent of unfairly competing against a former employer.

Counsel for an employer who suspects that a former employee transferred electronic data should also consider sending a “preservation letter” to the former employee, and perhaps the new employer, making demand on them to preserve and not delete any electronic data in their computer systems, both at the office and at home.

Counsel representing the former employee or new employer should determine whether the former employee transferred any electronic data to the new employer, to a home computer or downloaded the data in some fashion. If so, counsel should ascertain whether the information is, in fact, a trade secret and develop a strategy for handling any such information.

Conclusion

The Missouri Uniform Trade Secrets Act can be a very effective, and sometimes critical, means to protect a business from unfair competition. Counsel should be aware of the MUTSA to properly advise clients on what constitutes trade secrets and how to safeguard valuable competitive information.

Endnotes

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3 The authors extend their thanks to Aissatou Barry for the research and drafting assistance she provided for this article while participating in Armstrong Teasdale, LLP’s summer associate program.

4 Hallmark Cards, Inc. v. Monitor Clipper Partners, L.L.C. (“Hallmark II”), 758 F.3d 1051 (8th Cir. 2014).

5 Synergetics, Inc. v. Hurt (Synergetics II), 477 F.3d 949, 954 (8th Cir. 2007).

6 Airfoil Helicopter Supply, Inc. v. Rolls-Royce Corp., 663 F.3d 966, 972-73 (8th Cir. 2011).

7 Id. at 973.

8 See BP Chemicals Ltd. v. Jiangsu Sopo Corp., 285 F.3d 677, 682 (8th Cir. 2002).

9 Sections 417.450 to 417.467, RSMo 2000. An action under the MUTSA “shall be brought within five years after the misappropriation is discovered or by the exercise of reasonable diligence should have been discovered.” Section 417.461, RSMO 2000.

10 Sections 417.455.1 and 417.457, RSMO 2000.


12 Cent. Trust & Inv. Co. v. SignalPoint Asset Mgmt., L.L.C. (Central Trust II), 422 S.W.3d 312, 321 (Mo. banc 2014) (citing §§ 417.453, 417.455 (claims for injunctive relief), and 417.457 (claims for damages) RSMO 2000).

13 AvidAir Helicopter Supply, 663 F.3d at 972.


15 Section 417.453(4)(b), RSMO 2000. See also Conseco Fin. Serv. Corp., 381 F.3d at 819.

names, addresses, and financial information of clients for whom the defendant worked while an employee at Merrill Lynch were "compilations" deserving trade secret status under the MUTSA).

20 AvidAir Helicopter Supply, 663 F.3d at 972 (citations omitted).
22 Cerner, 667 F.Supp.2d at 1077 (citation omitted). See also Sarkissian Mason, 955 F.Supp.2d at 256 (applying Missouri law).
23 AvidAir Helicopter Supply, 663 F.3d at 971; Lyn-Flex, 24 S.W.3d at 698.
24 Cerner, 667 F.Supp.2d at 1077 (citing Lyn-Flex, 24 S.W.3d at 698-99).
25 Lyn-Flex, 24 S.W.3d at 698-99.
26 Synergetics II, 477 F.3d at 957.
27 Conesco, 381 F.3d 811, 815, 819.
28 H & R Block E. Tax Servs., Inc. v. Enchura, 122 F.Supp.2d 1067, 1074 (W.D. Mo. 2000). The Enchura court’s discussion of what materials constituted the plaintiffs’ trade secrets was arguably dicta. Although the court observed that plaintiffs were “somewhat broad in their designation of materials as trade secrets” and determined that some of the materials were not trade secrets, the court apparently never tried the issue of whether there were trade secrets. Rather, the court focused on the issue of whether there was threatened misappropriation of the alleged trade secrets. Id.
32 AvidAir Helicopter Supply, Inc., 663 F.3d at 970, 975.
33 Cerner, 667 F.Supp.2d at 1069.
34 Hallmark II, 758 F.3d 1051.
35 Kesler-Heasley Artificial Limb Co., Inc. v. Kenney, 90 S.W.3d 181, 188 (Mo. App. S.D. 2002) (citing National Rejectors, Inc. v. Trieman, 409 S.W.2d 1, 18-19 (Mo. banc 1966)).
38 This case was referred to as Central Trust & Investment Co. v. Kennedy in the Missouri Court of Appeals and Central Trust & Investment Co. v. SignalPoint Asset Management, L.L.C. in the Supreme Court of Missouri because certain claims against certain parties were voluntarily dismissed while the appeal was pending. Central Trust II, 422 S.W.3d at 319.
40 Id.
41 Id. at 777-78.
42 Id. at 778.
44 Id. at *3.
45 Id. at *4.
47 Id.
48 Central Trust II, 422 S.W.3d 312.
49 Id. at 321.
50 AvidAir Helicopter Supply, 663 F.3d at 970-75.
51 Id. at 973.
52 Id.
53 Id. at 974.
54 667 F.Supp.2d 1062 (W.D. Mo. 2009).
55 Id. at 1077-80.
56 Id. at 1077.
57 Id. at 1078-79.
58 758 F.3d 1051 (8th Cir. 2014).
Lyn-Flex West, Inc. v. Rhea S.W.2d at 722, and S.W.3d, at 188-89 (citing "epoxy resin rods and tubes reinforced with fiberglass" was a trade secret).

934 (8th Cir. 2002) (noting that information must be secret”).

Bancorp Services L.L.C. v. Hartford Life Insurance Company v. Missouri Department of Insurance pursuant to state regulations, substituted a trade secret); Conseco Finance Servicing Corp. v. North American Mortgage Co., 381 F.3d 811, 825 (8th Cir. 2007) (concluding that certain customer “lead sheets and loan files constituted[d] trade secrets…”);

Bancorp Services L.L.C. v. Hartford Life Insurance Company (“Bancorp II”), No. 4:00-CV-70 CEJ, 2002 WL 32727080, at ’2 (E.D. Mo. Nov. 20, 2002) (finding there was sufficient evidence from which the jury could find that a concept that solved a problem for a financial product constituted a trade secret);

American Family Mutual Insurance Company v. Missouri Department of Insurance, 169 S.W.3d 905, 909-10 (Mo. App. W.D. 2005) (determining that residential insurance premium data and market share data broken down by zip codes, which residential insurers provided to the Missouri Department of Insurance pursuant to state regulations, deserved trade secret status); and A.B. Chance v. Schmidts, 719 S.W.2d 854, 855 (Mo. App. W.D. 1986) (a pre-MUTSA case in which the plaintiff claimed that a process for manufacturing “epoxy resin rods and tubes reinforced with fiberglass” was a trade secret).

66 Section 417.453(4)(b), RSMo 2000.

67 Keeler-Heasley Artificial Limb Co., 90 S.W.3d at 188-89 (citing AEE-EMI, Inc., 906 S.W.2d at 722, and Steamatic of Kansas City, Inc. v. Rhea, 763 S.W.2d 190, 194 (Mo. App. W.D. 1988), and further noting that a “trade secret must be secret”). Id. at 188. See also Western Forms, Inc. v. Pickell, 308 F.3d 930, 934 (8th Cir. 2002) (noting that information that is common knowledge and/or obtainable without recourse to misappropriation is not protectable as a trade secret).

68 AvidAir Helicopter Supply, Inc., 663 F.3d at 974.

69 Id. at 974.


71 AvidAir Helicopter Supply, Inc., 663 F.3d at 974.

72 Lyn-Flex West, Inc., 24 S.W.3d at 699. See also Bancorp II, 2002 WL 32727080, at *2.

73 Lyn-Flex West, Inc., 24 S.W.3d at 698-99.

74 Id. at 699.

75 Id. (citing A.B. Chance Co. v. Schmidt, 719 S.W.2d 854, 859 (Mo. App. W.D. 1986)).


77 918 F.Supp. 2d 916 (E.D. Mo. 2013).


It should be noted that confidentiality agreements are not “restrictive covenants” under Missouri law and, therefore, there is no requirement under Missouri law that confidentiality agreements must contain time and geographic limitations to be valid.

Synergetics II, 477 F.3d at 959.


80 Id. at *4.

81 Id.

82 Cerner Corp., 667 F.Supp.2d at 1077-79.

83 Id.


85 Id. at 938.

86 Avid Air, 663 F.3d at 974.

87 Id.

88 Id.

89 Id.

90 See n. 11. See Carboline v. Lebeck, 990 F. Supp. 762, 77-68 (E.D. Mo. 1997) (depending on the circumstances, a non-disclosure agreement alone may be insufficient to establish that reasonable steps were taken to maintain the secrecy of an alleged trade secret); Conseco, 281 F.3d at 819 (demonstrating an awareness and understanding by employees that certain information is confidential and should be treated as such can be helpful in demonstrating the existence of reasonable steps to maintain the secrecy of that information); American Family, 169 S.W.3d at 910 (limiting access to information to only those employees within an organization or to third parties who have a legitimate business reason for accessing the information is another reasonable step for protecting information); and Bancorp II, 2002 WL 32727080, at *3 (courts should not consider a defendant’s improper conduct in disclosing the information when assessing whether a plaintiff took reasonable steps to maintain the secrecy of its trade secret).

91 Section 417.453(4)(a), RSMo 2000.

92 AvidAir Helicopter Supply, 663 F.3d at 973.

93 Id.

94 Id.

95 Sections 417.455 and 417.457, RSMo 2000.

96 Cerner, 667 F.Supp.2d at 1077.

97 Section 417.453(2), RSMo 2000 (emphasis added).

98 Central Trust II, 422 S.W.3d at 322 (emphasis added). See also BP Chemicals Ltd. v. Jining Sino Corp., 285 F.3d 677, 683 (8th Cir. 2002) (observing that misappropriation under the MUTSA generally occurs in two ways: (1) when one acquires a trade secret through improper means, or (2) when one discloses a trade secret without consent, knowing or having reason to know that the secret was acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use).

99 See N. Kansas City Hosp. Bd. of Trustees v. St. Luke’s Northland Hosp., 984 S.W.2d 113, 121 (Mo. App. W.D. 1998) (holding that the MUTSA did not provide protection for trade secrets where they were properly requested under the Missouri Sunshine Law because the MUTSA “protects only those trade secrets that are ‘misappropriated.’”).

100 Section 417.453(1), RSMo 2000.

101 Cerner, 667 F.Supp.2d at 1079.

102 Id.

103 Central Trust II, 422 S.W.3d at 322-23.

104 Id. at 322.

105 Id.

106 Custom Hardware, 918 F.Supp. at 923.

107 Id. at 937.

108 Id. at 927.

109 Id. at 938.

110 Id.

111 Id.


113 Id. at 928.

114 See n. 11. See Lyn-Flex West, Inc., 24 S.W.3d at 699-700 (concluding that the plaintiff proved misappropriation of the plaintiff’s price book by showing that the defendants took and used the price book for a competitor without the plaintiff’s consent); Conseco, 381 F.3d at 819-20 (concluding that although one of the employees claimed that he copied files in order to help a fellow employee transition into a new position within Conseco, his copying of files contemporaneously with his resignation from Conseco and hiring by defendant created “at least the threat of misappropriation.”); Khazaai v. Watlow Electric Manufacturing Company, 201 F.Supp.2d 967, 972 (E.D. Mo. 2001) (there is no “misappropriation” by an employer, as the term is used in the MUTSA, where the employee voluntarily discloses or uses his own trade secret for his employer in exchange for employment); and Insu- form Technologies, Inc. v. Reynolds, Inc., 398 F.Supp.2d 1058, 1063-64 (E.D. Mo. 2005 (citing Grothe v. Helterbrand, 946 S.W.2d 301, 304-05 (Mo. App. S.D. 1997)) (noting that a jury could conclude that an officer of a corporation misappropriated trade secrets when the officer “aided and abetted” a new employee in the misappropriation of his former employer’s trade secrets).

115 PepsiCo, Inc. v. Redmond, 54 F.3d 1262, 1269 (7th Cir. 1995) (applying the Illinois Trade Secrets Act).

116 Lasco Foods, Inc. v. Hall & Shaw Sales, Mkrg. & Consulting, L.L.C., No. 4:08cv01683,
117 See, e.g., id. at * 3. The inevitable disclosure doctrine also has not been adopted in a number of other states, including California and Florida. Bayer Corp. v. Roche Molecular Sys., Inc., 72 F.Supp.2d 1111 (N.D. Cal. 1999); Del Monte Fresh Produce Co. v. Dole Food Co., Inc., 148 F.Supp.2d 1326 (S.D. Fla. 2001).


121 Sections 417.455(1) and 417.457, RSMo 2000.

122 Section 417.455(1), RSMo 2000.

123 See, e.g., Synergetics II, 477 F.3d 949.


Using the inevitable disclosure doctrine, in the appropriate circumstances a plaintiff may even be able to seek to enjoin the defendant's employment by a competitor by arguing the employment will lead to the actual misappropriation of the former employer's trade secrets. PepsiCo, Inc., 54 F.3d at 1272 (applying the Illinois Trade Secrets Act). See also H & R Block E. Tax Servs., Inc., 122 F.Supp.2d at 1073-76 (distinguishing PepsiCo without suggesting that the inevitable disclosure doctrine is inapplicable under the MUTSA). See also Section I.D. supra.

125 Synergetics II, 477 F.3d at 961.

126 Section 417.455(1), RSMo 2000.

127 Synergetics, Inc. v. Hurst (Synergetics I), No. 4:04CV318 DDN, 2005 WL 3358298 at *8 (E.D. Mo. Dec. 9, 2005) (citing Khazai, 201 F.Supp.2d at 975).

128 Khazai, 201 F.Supp.2d at 975.

129 Synergetics I, 2005 WL 3358298 at *9. 130 Id. at *8 (quoting Khazai v. Warlow Elec. Mfg., 201 F.Supp.2d 967, 975 (E.D. Mo. 2001)).

131 Id. at *9.

132 Synergetics II, 477 F.3d 949.

133 Section 417.455(1), RSMo 2000.

134 Carboline, 990 F. Supp. at 767. See also Victorial Secret Stores, Inc. v. May Dep't Stores Co., 157 S.W.3d 256 (Mo. App. E.D. 2004) (finding that confidential documents of May Department Stores became stale after around six months due to the seasonal nature of the information).

135 Carboline, 990 F.Supp. at 767.

136 Synergetics II, 477 F.3d at 958.

137 Merrill Lynch, 42 U.S.P.Q.2d 1149.

138 Id. at 1149.

139 Id. at 1151.

140 Id. at 1150-51.

141 Id. at 1151.

142 Id.

143 Section 417.455(2), RSMo 2000.

144 Id.

145 Section 417.455(3), RSMo 2000.

146 Section 417.457(1), RSMo 2000.

147 Section 417.457(2), RSMo 2000.

148 Section 417.457(1), RSMo 2000.

149 Section 417.457(2), RSMo 2000.


151 Id. at 171.

152 Id. at 170.

153 Id. at 171.

154 Hallmark II, 758 F.3d at 1057.

155 Id.

156 Id.

157 Id. The damages in Hallmark II were exclusively dependent on the defendant's use of plaintiff's trade secrets. The jury was presented with two damage calculations, one based on unjust enrichment and the other based on reasonable royalty. The unjust enrichment calculation measured the actual amount of money that [the defendant] had saved by using [the plaintiff's] proprietary information instead of commissioning its own research, and the reasonable royalty measured the amount that [the defendant] would have likely paid [the plaintiff] for use of [the] … information. Id. at 1059.

158 Secure Energy, 708 F.Supp.2d at 931 (citations omitted).

159 Section 417.455(2), RSMo 2000 (emphasis added).

160 Id.


162 Secure Energy, 708 F.Supp.2d at 931.

163 Id.


165 Id. (quoting University Computing Co. v. Lykes-Youngstown Corp., 504 F.2d 518, 539 (5th Cir. 1974)).

166 Id.

167 Hallmark II, 758 F.3d at 1060 (quoting Burnett v. Griffith, 769 S.W.2d 780, 789 (Mo. banc 1989)).

168 Id.

169 Id.

170 Id.

171 Id.