

I Have a Secret? Applying the Uniform Trade Secrets Act to Confidential Information That Does Not Rise to the Level of Trade Secret Status

Julie Piper

Follow this and additional works at: <http://scholarship.law.marquette.edu/iplr>



Part of the [Intellectual Property Commons](#)

Repository Citation

Julie Piper, *I Have a Secret? Applying the Uniform Trade Secrets Act to Confidential Information That Does Not Rise to the Level of Trade Secret Status*, 12 *Intellectual Property L. Rev.* 359 (2008).

Available at: <http://scholarship.law.marquette.edu/iplr/vol12/iss2/4>

This Comment is brought to you for free and open access by the Journals at Marquette Law Scholarly Commons. It has been accepted for inclusion in Marquette Intellectual Property Law Review by an authorized administrator of Marquette Law Scholarly Commons. For more information, please contact megan.obrien@marquette.edu.

COMMENTS

I Have A Secret?: Applying the Uniform Trade Secrets Act to Confidential Information that does not Rise to the Level of Trade Secret Status

INTRODUCTION	360
I. THE HISTORY AND DEVELOPMENT OF TRADE SECRET LAW...	362
A. <i>Sources of Trade Secret Law</i>	362
B. <i>Classification of Confidential Information</i>	365
II. HOW COURTS HAVE DETERMINED WHETHER THE UTSA ABROGATES CLAIMS.....	367
A. <i>Category One Analysis</i>	369
B. <i>Category Two Analysis</i>	371
C. <i>Category Three Analysis</i>	376
III. BALANCING COMPETING INTERESTS.....	378
IV. HOW TO PROTECT CONFIDENTIAL INFORMATION NOT DEEMED TO BE A TRADE SECRET UNDER THE UTSA	380
CONCLUSION.....	383

INTRODUCTION

The Uniform Trade Secrets Act (“UTSA”) is a uniform law that serves as a guide for states to use when drafting their own respective trade secret legislation.¹ Because the UTSA is merely a guide, even after its enactment, state legislatures were, and still are, free to choose which sections of the UTSA to adopt within their respective states.² As a result, some states have adopted the UTSA as written, while others have made alterations by leaving some sections out. In general, seven states adopted the original 1979 version of the UTSA immediately upon enactment, and thirty-nine states and the U.S. Virgin Islands adopted the UTSA with the 1985 amendments.³ Additionally, both the New York and New Jersey legislatures are considering whether to adopt pending versions of the UTSA.⁴ In general, the UTSA has been widely adopted.

In spite of the National Conference of Commissioners on Uniform State Laws’ (“NCCUSL”) best attempt to (1) promote even development of trade secret law, and (2) relieve the uncertainty surrounding trade secret protection, ambiguity and uncertainty persist within trade secret law. More specifically, judicial disputes regarding what exactly constitutes a trade secret and how to protect confidential information that does not quite rise to the level of a trade secret have arisen within the context of employer-employee relationships.⁵ Several courts throughout the country have held that the UTSA does not abrogate all other civil remedies based on the misappropriation of confidential information if a court deems that the information is *not* a trade secret.⁶ In other words, some courts have held that an employer

1. See 14 AM. JUR. 3d *Proof of Facts* 619, § 3 (2006).

2. See Andrew Beckerman-Rodau, *Trade Secrets - The New Risks to Trade Secrets Posed by Computerization*, 28 Rutgers Computer & Tech. L.J. 227, 233 (2002); Breana C. Smith et al., *Intellectual Property Crimes*, 43 AM. CRIM. L. REV. 663, 671 (2006).

3. Uniform Law Commissioners, *A Few Facts About the . . . Uniform Trade Secrets Act*, http://www.nccusl.org/Update/uniformact_factsheets/uniformacts-fs-utsa.asp (last visited Jan. 11, 2008).

4. A.B. 2296, 229th Legis., Reg. Sess. (N.Y. 2007); A.B. 2352, 212th Legis., 1st Sess. (N.J. 2006).

5. See, e.g., *Burbank Grease Servs., L.L.C. v. Sokolowski*, 717 N.W.2d 781 (Wis. 2006).

6. See, *Burbank*, 717 N.W.2d at 792-93; *Combined Metals of Chicago Ltd. P'ship v. Airtek, Inc.*, 985 F. Supp. 827, 830 (N.D. Ill. 1997) (to the extent to which materials did not constitute a trade secret, plaintiff could continue a conversion claim); *Stone Castle Fin., Inc. v. Friedman, Billings, Ramsey & Co.*, 191 F. Supp. 2d 652, 658-59 (E.D. Va. 2002) (alternate claims, not based on trade secret information could proceed); *Coulter Corp. v. Leinert*, 869 F. Supp. 732, 734-35 (E.D. Mo. 1994) (only those claims that rely entirely on a trade secret should be abrogated).

may only bring a claim under the UTSA for the misappropriation of information legally defined as a trade secret. As a result of this interpretation of the UTSA, businesses are free to bring a variety of other civil tort claims for the misappropriation of information that falls just short of trade secret status. Other courts, however, have held that the UTSA *does* abrogate other civil tort remedies based on the misuse of confidential information deemed not to be a trade secret.⁷ As a result of these conflicting judicial opinions, the type of information that departing employees are free to use is unclear. Consequently, the result of these conflicting interpretations of the UTSA may have a detrimental effect on employees, employers, and even competing businesses.

In general, then, courts and legislatures need to determine whether the UTSA should allow, under its umbrella, “a claim that a defendant has misused commercial information that is not a trade secret.”⁸ This question may seem to be of little consequence in practice; however, as Attorney Tait Graves points out in his analysis of California trade secret and tort law, there are significant public policy implications resulting from this interpretation of the UTSA.⁹ If the UTSA abrogates other tort claims for the misappropriation of information deemed not to be a trade secret, employees will be afforded much greater protection because claims for such misappropriation would be limited to only those claims allowed under the UTSA.¹⁰ This interpretation of the UTSA would also further the overall public policy supporting a mobile workforce by preventing departing employees from being overly concerned about using marginally confidential information or information deemed to be general knowledge.¹¹

In general, “the degree to which individuals and [competing] businesses . . . are free to use information that does not qualify as a trade secret”¹² should be scrutinized to eliminate the ambiguity that currently exists. In the future, courts should seek to create a “beneficial balance between innovation and competition” by affording protection to confidential information held to be of significant value to companies

7. *Burbank*, 717 N.W.2d at 792-93 (recognizing that courts from other jurisdictions have abrogated all claims for the misappropriation of confidential information).

8. See Tait Graves, *Nonpublic Information and California Tort Law: A Proposal for Harmonizing California's Employee Mobility and Intellectual Property Regimes Under the Uniform Trade Secrets Act*, 2006 UCLA J.L. & TECH. 1, ¶ 1 (2006).

9. *Id.* ¶ 2.

10. *See id.*

11. *See id.*

12. *Id.*

and businesses, even if the information does not rise to the level of a trade secret.¹³ The law in this area should work towards “minimiz[ing] the incentives to obtain competitively valuable information through corrupt practices, rather than through independent effort.”¹⁴

Thus, in general, this Comment will examine which interpretation of the UTSA, as interpreted and adopted by the states, is more consistent with the public policy underlying the UTSA. Part I discusses the history and development of trade secret law to depict how the law developed as it exists today. Next, Part II explains how different courts have interpreted the UTSA’s abrogation clause in fact patterns involving three different types of confidential information. Part III explains the competing interests that underlie the public policy supporting trade secret law and the protection of confidential information. Finally, Part IV discusses the policy reasons behind protecting information that is confidential, but does not rise to the level of a trade secret, and goes on to discuss which interpretation of the UTSA best comports with the public policy of the UTSA and the interests of businesses and employees.

I. THE HISTORY AND DEVELOPMENT OF TRADE SECRET LAW

A. Sources of Trade Secret Law

“American courts have granted protection for trade secrets against their misuse or unauthorized disclosure for over one-hundred years.”¹⁵ For decades, scholars have known that protecting trade secrets is important in order for businesses to remain “technologically competitive.”¹⁶ In spite of the murky common law and statutory remedies for trade secret misappropriation, industries continue to rely on trade secret protection.¹⁷ In the late 1960s, the Patent Law Section of the American Bar Association discussed a resolution favoring the

13. Robert Unikel, *Bridging the “Trade Secret” Gap: Protecting “Confidential Information” Not Rising to the Level of Trade Secrets*, 29 LOY. U. CHI. L.J. 841, 850-52 (1998). Because the exchange of information is such an important component in the process of improving upon current technology and innovation, precluding the unauthorized transfer of *all* useful data and knowledge would prevent innovation from occurring. *Id.* at 849-50 (emphasis added).

14. *Id.* at 846.

15. 14 AM. JUR. 3d *Proof of Facts* 619, § 1 (footnotes omitted).

16. Comment, *Theft of Trade Secrets: The Need for a Statutory Solution*, 120 U. PA. L. REV. 378, 378 (1971).

17. *See id.* at 380-81.

enactment of a uniform state law that protected against the misappropriation of trade secrets or other confidential information.¹⁸ As a result, the NCCUSL drafted the UTSA, which was finally adopted in 1979.¹⁹ The drafters at the NCCUSL were motivated to draft the UTSA for a number of reasons. First, the drafters understood how important trade secret law was in promoting and maintaining interstate business.²⁰ Second, the drafters realized that trade secret law had not “developed satisfactorily.”²¹ The drafters noted that trade secret law had developed unevenly and, as a result, there was “undue uncertainty concerning the parameters of trade secret protection.”²²

The NCCUSL also recognized, when drafting the UTSA, that “[i]n view of the substantial number of patents that are invalidated by the courts, many businesses now elect to protect commercially valuable information . . . [via] the state law of trade secret protection.”²³ Furthermore, trade secret protection is more important now because there has been “unprecedented . . . growth in the computer, biotechnical and communications industries.”²⁴

Early trade secret law initially developed from the common law; and, today, the law of trade secrets has further developed from both the Restatement of Torts as well as from Congress’ enactment of the UTSA.²⁵ The Restatement describes a trade secret as “any formula, pattern, device, or compilation of information which is used in one’s business, and which gives [the holder] an opportunity to obtain an advantage over competitors who do not know or use it.”²⁶ In previous cases, courts have protected a variety of information, including “nontechnological business information,” which is likely at issue in the majority of cases between employers and former employees.²⁷

18. See UNIF. TRADE SECRETS ACT Prefatory Note (amended 1985), 14 U.L.A. 531-32 (1979).

19. See *id.* at 532.

20. See *id.* at 530-31.

21. *Id.* at 531.

22. See *id.*

23. *Id.* at 530. The Commission determined this based on the Supreme Court’s decision in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), which held “neither the Patent Clause of the United States Constitution nor the federal patent laws pre-empt state trade secret protection for patentable or unpatentable information.” *Id.*

24. 14 AM. JUR. 3d *Proof of Facts* 619, § 1.

25. *Id.* at 619, § 4.

26. RESTATEMENT (FIRST) OF TORTS § 757 cmt. b (1939).

27. 14 AM. JUR. 3d *Proof of Facts* 619, § 6 (2006).

Next, according to the Restatement, the information must be secret and cannot be a matter of general knowledge.²⁸ Any information must also be somewhat novel.²⁹ Finally, information deemed to be a trade secret must be “used for business purposes and must provide a competitive advantage to the owner of the trade secret. Thus, it must be of value to the holder.”³⁰ Under the Restatement, trade secret infringement occurs when one not normally privy to the trade secret improperly takes and discloses it.³¹

After the 1985 amendments to the UTSA, the UTSA defined a trade secret as “information, including a formula, pattern, compilation, program, device, method, technique, or process.”³² That “information” must “derive[] independent economic value . . . 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, and is the subject of efforts that . . . maintain its secrecy.”³³ State trade secret statutes, as adopted from the UTSA, typically follow the UTSA by defining what a trade secret is and what constitutes misappropriation.³⁴ In addition, these statutes describe the damages allowed for misappropriation and that employers must take reasonable steps to protect their company’s trade secrets.³⁵ Finally, the statute describes its effect on other laws.³⁶ The UTSA “creates a claim for damages and injunctive relief for misappropriation of trade secrets.”³⁷ The statutes also focus on criminal sanctions and all states have criminal penalties for the misappropriation of trade secrets.³⁸ However, in spite of such attempts to codify and clarify the law of trade secrets, much confusion still exists.³⁹

28. RESTATEMENT (FIRST) OF TORTS § 757 cmt. b (1939).

29. 14 AM. JUR. 3d *Proof of Facts* 619, § 6 (2006). This could also include information or any idea not generally known in the trade secret owner’s trade or business.

30. *Id.* (footnotes omitted).

31. RESTATEMENT (FIRST) OF TORTS § 757 (1939). Liability for infringement of information deemed to be a trade secret is not determined merely by using or copying the information. Instead, the use of “improper means” to obtain the trade secret is the basis of liability under the Restatement. *See id.*

32. UNIF. TRADE SECRETS ACT § 1(4) (amended 1985), 14 U.L.A. 538 (1979).

33. *Id.* § 1(4).

34. *See e.g.*, WIS. STAT. § 134.90(1)(c), (2) (2003-04).

35. *See id.* § 134.90(1)(c), (2), (4).

36. *See id.* § 134.90(6).

37. Smith et al., *supra* note 2, at 671.

38. *Id.* at 665.

39. *See* Michael L. Rustad, Symposium Review: *The Negligent Enablement of Trade*

B. Classification of Confidential Information

To be afforded trade secret protection, the information at issue must satisfy the definition set forth by the UTSA. Though the definition is somewhat broad, it is often applied rigidly, leaving some valuable confidential information unprotected.⁴⁰ Though an exact definition of a trade secret is somewhat elusive,⁴¹ trade secret scholars have accepted the fact that there is some information that should be protected that does not rise to the level of a trade secret.⁴² Further, the UTSA does not explicitly provide alternative remedies for those borderline pieces of information not classified as trade secrets, but that exist as confidential business or industry information not readily known to all. However, section seven of the UTSA also does not explicitly abrogate claims for misappropriation of information deemed not to be a trade secret.⁴³ Therefore, section seven merely creates confusion regarding the available claims for misappropriation of all other confidential information that does not rise to the level of a trade secret.

Before the introduction of the UTSA, the common law defined a trade secret as “an idea not generally known and treated by the owner as a secret.”⁴⁴ Today, however, a variety of factors contribute to the uncertainty surrounding what rises to the level of a trade secret and what merely constitutes confidential information. Legal scholars and practitioners alike have attempted to define what constitutes confidential information and the level, if any, of protection of that information.⁴⁵ Robert Unikel, a trade secret practitioner, suggested adopting Robert Milgrim’s hierarchical approach to defining trade secrets.⁴⁶ This approach involves “classify[ing] the various types of

Secret Misappropriation, 22 SANTA CLARA COMPUTER & HIGH TECH. L.J. 455, 516-17 (2006).

40. For the definition of a trade secret under the UTSA, see *supra* Part I.A.

41. See Rustad, *supra* note 39, at 506-07.

42. See Unikel, *supra* note 13, at 844 (explaining that there is confidential information that does not technically rise to the level of a trade secret yet continues to be valuable within an industry).

43. See UNIF. TRADE SECRETS ACT § 7 (amended 1985), 14 U.L.A. 651 (1979).

44. Comment, *supra* note 16, at 381.

45. See Unikel, *supra* note 13, at 868-75. After discussing throughout his article how trade secret scholars, such as Robert Milgrim, have recommended that courts, legislator, litigants, or whomever work to create a more useable method of protecting both trade secrets and confidential information, the author concludes that law-making bodies must “recognize and account for the existence of different types and levels of competitively significant knowledge.” *Id.* at 890.

46. See *id.* at 844.

technical data and business knowledge that companies and their employees may possess.”⁴⁷ According to this approach, there are three hierarchical categories of business information:

1. information that is known to substantially all persons in a particular field or industry . . . ;
2. information that is known to a majority, but unknown to a minority, of persons in a particular field or industry; and . . .
3. information that is known to a minority, but unknown to the majority, of persons in a particular field or industry.⁴⁸

Not all three categories should necessarily be afforded protection under the UTSA or some other common law protection mechanism because, for example, information readily known to a relative large group of people already minimizes the incentives to obtain this information in a corrupt manner.⁴⁹ The first category of information, information that is known to substantially all in a given field or industry, should not receive any legal protection.⁵⁰ Because this category of information is known, protecting this information would not serve the court’s purpose of balancing innovation and competition. Further, protecting this type of information would unnecessarily restrict an employee’s mobility—that is, if an employee could not share this type of information in his new job, he would be unduly restricted in those positions he could accept.⁵¹

The second category of information, information that is known to a majority, but unknown to a minority of persons in a particular field or

47. *Id.*

48. *Id.* As made apparent from these categorical designations, the designations are not necessarily based on the *type* of information at issue, but instead these categories are based on the degree to which others in a particular field or industry know or are aware of the information. Classifying information based on the particular nature of the information would, I think, prove to ask too much of the courts. As technology expands and new forms of information are developed, trying to define newly developed technology and information would be too cumbersome and would lead to inconsistencies among the courts.

49. *See id.* at 850. For years, other tort claims were used to hold departing employees responsible for misappropriation of confidential information not rising to the level of a trade secret. *See Graves, supra* note 8, ¶¶ 45-46. Those claims include unfair competition, breach of fiduciary duty, breach of confidence, and tortious interference, among others. *Id.* ¶¶ 47-52.

50. Unikel, *supra* note 13, at 850-51.

51. *See id.* at 850.

industry, highlights the elusive problem that exists in trade secret law.⁵² This type of information has an overall lower “competitive value” than that information known to only a minority of people.⁵³ As a result, this type of information should be afforded only some legal protection.⁵⁴

Finally, the third category of information, which includes information that is known to a minority, but unknown to the majority, of persons in a particular field or industry, should receive the highest level of legal protection.⁵⁵ This type of information deserves the most stringent level of protection because there is a great deal of motivation for a competitor to use improper means to obtain this type of information. Though this framework has not been incorporated into the UTSA, it is likely the most effective approach for defining confidential information that does not rise to the level of trade secret status.⁵⁶ Also, some information from categories two and three might, arguably, even rise to the level of trade secret status. Therefore, this categorical approach might prove to be a more effective and realistic method of “defining” information that deserves protection.

II. HOW COURTS HAVE DETERMINED WHETHER THE UTSA ABROGATES CLAIMS

Section seven of the UTSA states the UTSA’s effect on other law with respect to information deemed to be a trade secret. The drafters explicitly abrogate other civil remedies based on misappropriation of a defined trade secret and, among the courts, there seems to be little dispute that the UTSA did, in fact, intend to abrogate other civil remedies when a claim involves misappropriation of trade secrets.⁵⁷ However, the language of the UTSA makes it less clear whether section

52. *See id.* at 852-54.

53. *Id.* at 852-53.

54. *Id.* at 853-54. Providing some level of legal protection for this type of information works to protect, to a seemingly fair degree, information that is already known by some competitors, but not others. Further, providing some protection for this type of information would not too severely limit employee mobility, because departing employees would be able to readily move among employers who already have possession of this type of information. Therefore, these employees would only be restricted from working for and disclosing information to those competitors who do not yet have this information. *Id.* at 853-54.

55. *Id.* at 851-52.

56. *See Unikel, supra* note 13, at 890. In his conclusion, the author argues that this “layered approach to the problem of information protection” is the most effective method of developing a satisfactorily “malleable, yet well-defined legal regime” that can provide the stability that seems so necessary in this confusing area of law. *Id.*

57. *See UNIF. TRADE SECRETS ACT* § 7 (amended 1985), 14 U.L.A. 651 (1979).

seven, and its state-adopted equivalents, abrogates other civil remedies based upon the misappropriation of confidential information that does not rise to the level of a trade secret.⁵⁸ Sections 7(b)(1) and (2) state that the UTSA does not affect: “(1) contractual remedies, whether or not based upon misappropriation of a trade secret; or (2) other civil remedies that are not based upon the misappropriation of a trade secret.”⁵⁹

In spite of the NCCUSL’s best attempt to clarify the state of trade secret law as it exists today, state courts across the country have interpreted section seven’s declaration of the UTSA’s effect on other laws in different ways.⁶⁰ As a result, the question still exists as to how to interpret the UTSA with respect to information that does not rise to the level of a trade secret, but is still confidential information deemed worthy of some legal protection.⁶¹ This type of information would include that information described in categories two and three in Part II.⁶²

Currently, the reigning case law that interprets section seven of the UTSA can be divided into three categories based on the legal claims and type of information at issue:⁶³ (1) “when the claims are based only on the misuse of confidential information that satisfies the statutory definition of a trade secret,” most courts agree that a claim under the UTSA is the only tort claim available; (2) “when the claims are based on the misuse of confidential information that does not meet the statutory definition of a trade secret,” courts are divided on whether “the UTSA abrogates those claims”; and (3) “when the claims are based on misuse of confidential information, some of which meet the statutory definition of a trade secret and some of which do not,” courts, again, are divided as to whether the UTSA abrogates claims only to the extent that they are

58. *Id.*

59. *Id.*

60. *See Burbank Grease Servs., L.L.C. v. Sokolowski*, 717 N.W.2d 781, 792-93 (Wis. 2006).

61. *See supra* Part I.

62. *See supra* Part I.B.

63. *See Burbank*, 717 N.W.2d at 792-93. The Supreme Court of Wisconsin provided a particularly helpful analysis of the state of the law as it exists today. Though the court was construing Wisconsin’s interpretation of the UTSA, it looked to other states’ decisions to determine how best to interpret the Wisconsin statute, which was adopted from the UTSA after the 1985 amendment. In addition to making uniform laws, the adoption of the UTSA by the majority of states has made it easier for courts to turn to the case law in other jurisdictions to help interpret a current legal claim falling either under or just outside the scope of the UTSA. *See id.*

based on a trade secret, and allows separate claims based on other factual allegations such as the misappropriation of confidential information.⁶⁴ To fully understand the points of distinction between these three types of cases, examples of each category, each from a different state, follow in the discussion below.

A. Category One Analysis

In the first category of cases, the plaintiffs base their claims “only on the misuse of confidential information that fits the statutory definition of a trade secret.”⁶⁵ In these cases, most state courts agree that a claim under the UTSA is the only tort claim available to the plaintiffs.⁶⁶ In other words, plaintiffs cannot bring claims such as unjust enrichment or unfair competition when seeking relief.⁶⁷ It is important to note, however, that breach of contract claims may still survive.⁶⁸

One example of this type of case is *R.K. Enterprise L.L.C. v. Pro-Comp Management, Inc.*⁶⁹ where the Supreme Court of Arkansas concluded that the information at issue in the case fell under the statutory definition of a trade secret.⁷⁰ In the case, Pro-Comp Management, among other affiliates, was doing business as The Right Solution (“TRS”).⁷¹ TRS was a nurse-staffing service that provided travel nurses to facilities in Arkansas, Oklahoma, and adjacent states.⁷² Katherine Hefley was the manager of one of TRS’s offices and Mary Burks was an employee of TRS.⁷³ Both Hefley and Burks resigned from TRS and began working for R.K. Enterprise, a company that provided travel nurses under the name of Nationwide Nurses (“Nationwide”).⁷⁴ A third employee, Traca Lane, fired by TRS, also began working for Nationwide.⁷⁵

64. *See id.* at 792.

65. *Id.* at 792-93.

66. *Id.*

67. *See id.* at 793 n.10.

68. *See* UNIF. TRADE SECRETS ACT § 7(b)(1) (amended 1985), 14 U.L.A. 651 (1979).

69. *See generally* *R.K. Enterprise L.L.C. v. Pro-Comp Management, Inc.*, 158 S.W.3d 685 (Ark. 2004).

70. *Id.* at 688.

71. *Id.* at 686.

72. *Id.*

73. *Id.*

74. *Id.*

75. *Id.*

While employed with TRS, Hefley, Burks, and Lane had access to confidential information and each of them signed confidentiality and non-compete agreements.⁷⁶ Eventually, TRS determined that the three former employees had removed original documents from employee files, other files containing personal information about the employees and tests that TRS used when hiring new nurses.⁷⁷ Initially, TRS filed theft of property claims under the criminal statutes, but it later dismissed those charges.⁷⁸

Later, TRS amended its complaint against all three former employees alleging “fraud, breach of non-competition and confidentiality agreement, misappropriation of trade secrets in violation of Arkansas Theft of Trade Secrets Act⁷⁹ [(“Trade Secrets Act”)], conversion, and civil conspiracy.”⁸⁰ The trial court found that the former employees had misappropriated trade secrets in violation of the Trade Secrets Act and required TRS to decide whether to seek recovery under the Trade Secrets Act or to “seek recovery for the misappropriation of trade secrets on the basis of tort claims of conversion and conspiracy for misappropriation of trade secrets.”⁸¹ Thus, before proceeding, the court in this case concluded that the information at issue was, in fact, a trade secret; therefore, the information should be afforded legal protection because it had significant economic value to TRS.⁸²

Ultimately, TRS elected to recover damages under tort remedies and the court awarded damages on the basis of conversion and conspiracy of \$262,303.00 based upon the market value of the trade secrets.⁸³ However, on appeal to the Arkansas Supreme Court, the three former employees argued that the plain language of the Trade Secrets Act abrogated all other tort remedies.⁸⁴ In order to determine whether the Trade Secret Act abrogated other tort remedies for

76. *Id.*

77. *Id.* at 687.

78. *Id.*

79. ARK. CODE ANN. §§ 4-75-601 to -607 (2001).

80. *R.K. Enter.*, 158 S.W.3d at 687.

81. *Id.*

82. *See Unikel, supra* note 13, at 851. This type of information would likely fall under the third category of information discussed in Part I.B above. Further, trade secret information has competitive value and the court in this case seems to recognize the need to aggressively protect that value. *Id.*

83. *R.K. Enter.*, 158 S.W.3d at 687-88.

84. *Id.* at 688.

misappropriation of trade secrets, the Arkansas Supreme Court used rules of statutory construction to construe the meaning of the statute.⁸⁵ The court also examined cases from other jurisdictions with similar statutory provisions.⁸⁶ After its analysis, the court first determined that “courts [must] examine whether the claim [at issue] is based upon the misappropriation of a trade secret.”⁸⁷ Because the court deemed the information at issue a trade secret, the Arkansas Trade Secrets Act applied in this case.⁸⁸ Further, the court concluded that the “statutory language of the Trade Secret Act . . . preempt[ed] [or abrogated] the award of damages based upon tort claims for conversion of trade secrets . . . that may arise under a claim for misappropriation of trade secrets.”⁸⁹ Thus, the court in this case eliminated the tort claims available to claimants for misappropriation of trade secrets.⁹⁰ Ultimately, claimants may only seek damages for the misappropriation of trade secrets under the Trade Secrets Act in Arkansas.⁹¹ Courts in jurisdictions throughout the country have come to a similar conclusion.⁹²

B. Category Two Analysis

The second category of cases highlights the true issue regarding claims based on the misuse of confidential information that does not meet the statutory definition of a trade secret, but that still derives economic value from not being readily known.⁹³ Some courts have held that the UTSA does not abrogate civil remedies for claims regarding confidential information that does not rise to the level of a trade secret,

85. *Id.* at 688-89.

86. *Id.* at 689.

87. *Id.*

88. *See id.* at 690.

89. *Id.*

90. *See id.*

91. *See id.* Many other jurisdictions have also held that a claim under a state’s adoption of the UTSA is the only method of recovery allowed when seeking relief for misappropriation of a trade secret. *See Burbank Grease Servs., L.L.C. v. Sokolowski*, 717 N.W.2d 781, 792 n.10 (Wis. 2006).

92. Graves, *supra* note 8, ¶ 33, n.45. Similarly, these cases have found that the UTSA abrogates other civil tort remedies, making the UTSA the only avenue of recovery for claimants whose trade secrets have been misappropriated. *Id.* To hold otherwise would go against the purpose of the UTSA, which was to simplify trade secret protection. UNIF. TRADE SECRETS ACT Prefatory Note (amended 1985), 14 U.L.A. 531 (1979).

93. *See supra* Part I. This information includes both category two and category three information as described above. However, the second category of information is more likely at issue because, often times, category three information will rise to the level of trade secret status. Therefore, it would be protected only by the UTSA.

while others have held that the UTSA was intended to abrogate such claims.⁹⁴

In the first example of this category of cases, the Supreme Court of Wisconsin overturned the Wisconsin Court of Appeals and held that the UTSA does not abrogate all other civil remedies for the misappropriation of confidential information deemed not to be a trade secret.⁹⁵ In *Burbank Grease Services, L.L.C. v. Sokolowski*, the court sought to determine whether Wisconsin's adoption of the UTSA,⁹⁶ abrogates all civil law remedies based on the misappropriation of confidential information that falls outside of the statutory definition of a trade secret.⁹⁷

Burbank involved a company called Burbank Grease Services ("Burbank"), which was in the "business of collecting and processing used restaurant fry grease, trap grease, and industrial grease."⁹⁸ This case arose after Larry Sokolowski ("Sokolowski"), one of Burbank's employees, resigned from his position as a territory manager.⁹⁹ As a territory manager, Sokolowski's duties included overseeing sales personnel, managing customer relations, and preparing documents for Burbank's accountant.¹⁰⁰ When Burbank hired managers, the company distributed a "code of conduct" to the managers within its business.¹⁰¹ The "code of conduct" provided guidelines regarding confidential information that it required its managers to follow.¹⁰² More specifically, Burbank's "code of conduct" stated that "[n]o . . . employee shall disclose any confidential or privileged information to any person within the Company who does not have a need to know or to any outside individual or organization except as required in the normal course of business."¹⁰³ In general, to maintain its competitive advantage over rival companies, Burbank sought to identify and protect information that had

94. See *Burbank*, 717 N.W.2d at 792; see also *Compuware Corp. v. Int'l Bus. Machs. Corp.*, No. 02-CV-70906, 2003 WL 23212863, at *8 (E.D. Mich. 2003).

95. *Burbank*, 717 N.W.2d at 798.

96. WIS. STAT. § 134.90 (2003-04).

97. *Burbank*, 717 N.W.2d at 785.

98. *Burbank*, 717 N.W.2d at 785-86.

99. *Id.* at 786.

100. *Id.*

101. *Id.*

102. *Id.*

103. *Id.* (alterations in original).

sufficient economic value such that competitors might have reason to attempt to obtain that information by improper means.¹⁰⁴

Burbank employees also received an employee handbook providing that disclosure of trade secrets and confidential information could result in disciplinary action.¹⁰⁵ The handbook also disclosed that employees may be required to sign a non-disclosure agreement.¹⁰⁶ Sokolowski acknowledged in writing that he received and understood the provision regarding the non-disclosure agreement.¹⁰⁷

In 2001, Sokolowski left Burbank and “signed an employment contract with United Liquid Waste Recycling, Inc. (‘United Liquid’).”¹⁰⁸ However, before Sokolowski resigned from Burbank, he accessed and took with him confidential information from Burbank’s computers.¹⁰⁹ Sokolowski took with him a list of Burbank’s grease trap customers, which included 2,400 names, phone numbers, addresses, “contact persons, total gallons for each grease trap, and the pricing Burbank had applied to each customer.”¹¹⁰ In addition, Sokolowski took a spreadsheet of Burbank’s industrial clients that showed the amount of grease collected from each customer, the fee Burbank paid that customer for the grease, as well as information regarding the amount of collections and revenues earned for certain Burbank drivers based on their pick-up routes.¹¹¹ This type of confidential information that Burbank sought to protect provides an excellent illustration of the confidential information that does not rise to the level of a trade secret.¹¹² Sokolowski knew that he took this information without Burbank’s permission and that Burbank considered all of the information confidential.¹¹³

104. *Id.* at 786 n.3; see Unikel, *supra* note 13, at 844-46. This type of information would likely primarily include category two and three information. See also discussion *supra* Part I.B.

105. *Burbank*, 717 N.W.2d at 786.

106. *Id.*

107. *Id.*

108. *Id.*

109. *Id.*

110. *Id.*

111. *Id.* at 786-87.

112. *Id.*; see UNIF. TRADE SECRETS ACT § 1(4) (amended 1985), 14 U.L.A. 538 (1979). The most commonly accepted definition of a trade secret usually includes information classified as a “formula, pattern, compilation, program, device, method, technique, or process.” *Id.* Though the confidential business information at issue in *Burbank* could be a “compilation,” most courts and lay people tend to think of industry or business specific information as being a trade secret. See *Burbank*, 717 N.W.2d at 786-87.

113. *Burbank*, 717 N.W.2d at 787.

Sokolowski used Burbank's confidential information to solicit customers for United Liquid.¹¹⁴ When it became aware of Sokolowski's actions, Burbank filed a suit claiming that Sokolowski "misappropriated Burbank's trade secrets, breached his duty of loyalty to Burbank, intentionally interfered with Burbank's business relationships, and committed computer crimes."¹¹⁵ Because both the circuit court and the court of appeals agreed that Burbank's confidential information did not meet the statutory definition of a trade secret, and because the courts concluded that Wisconsin's adoption of the UTSA precluded all common law tort claims based on misappropriation of information deemed not to be a trade secret,¹¹⁶ the defendant's motion for summary judgment was granted.¹¹⁷ Burbank appealed the decision and the Wisconsin Supreme Court granted review.¹¹⁸

In its analysis, the court used the common rules of statutory construction to determine the legislature's meaning of Wisconsin Statute section 134.90(6), which is Wisconsin's adoption of section seven of the UTSA.¹¹⁹ Burbank did not appeal the fact that the information Sokolowski took with him did not qualify as a trade secret.¹²⁰ After analyzing the legislative history of the statute, court precedent, and three categories of cases from other states, the Wisconsin Supreme Court held that §134.90¹²¹ was meant to "leave available all other types of civil actions that do not depend on information that meets the statutory definition of a 'trade secret.'"¹²² As a result, the court overturned the court of appeal's decision by holding that any civil tort claim not based on the misappropriation of information deemed to be a trade secret remains available to Burbank.¹²³

Thus, the court's decision gave Burbank another avenue with which to pursue legal remedies against Sokolowski. The result of this case, and cases decided similarly under each state's adoption of the UTSA,

114. *Id.* This disclosure of the confidential information constitutes misappropriation under the UTSA. See UNIF. TRADE SECRETS ACT, § 1(2)(ii) (amended 1985), 14 U.L.A. (1979).

115. *Burbank*, 717 N.W.2d at 787.

116. See WIS. STAT. § 134.90(6) (2005-06).

117. *Burbank*, 717 N.W.2d at 787.

118. *Id.*

119. *Id.* at 788.

120. *Id.*

121. See WIS. STAT. § 134.90(6)(a).

122. *Burbank*, 717 N.W.2d at 793.

123. *Id.* at 793-94.

could have a detrimental effect on employees and their mobility. Outcomes such as that in *Burbank* further contribute to the current confusion of whether the UTSA, as adopted by the states, abrogates all other tort remedies for the misappropriation of confidential information that does not rise to the level of trade secret status.

The United States District Court for the Eastern District of Michigan, however, took a different perspective on this issue, holding that the UTSA does abrogate all other civil remedies for the misappropriation of information deemed not to be a trade secret.¹²⁴

In *Compuware Corp. v. International Business Machines*, the defendant, International Business Machines Corporation (“IBM”), developed and sold computer hardware, software, and services.¹²⁵ “The plaintiff’s Compuware products at issue in its preliminary injunction motion were File-AID and Abend-AID,” which were “software tools that streamlined software applications for IBM’s” computers by “allowing programmers to easily” manage and edit data.¹²⁶ Compuware had a solid reputation in this line of computer software.

“In 1999, IBM developed a program called File Manager to compete with File-AID, and Fault Analyzer to compete with Abend-AID.”¹²⁷ IBM developed these tools at its Australian Programming Centre, where much of the code for the first version of IBM’s new products was taken from pre-existing IBM programs.¹²⁸ Compuware claims that IBM used former Compuware employees and confidential information obtained from those former employees to develop the first version of IBM’s new competing products.¹²⁹ As a result, Compuware sought damages for multiple claims including preliminary injunctive relief to stop what it described as theft of its proprietary information and trade secrets.¹³⁰ In its analysis of the case, the U.S. District Court for the Eastern District of Michigan began its discussion of trade secret law by stating that “to prove misappropriation under the Michigan Uniform Trade Secret Act (“MUTSA”)¹³¹ Compuware must show that (1) it has

124. *Compuware Corp. v. IBM Corp.*, No. 02-CV-70906, 2003 WL 23212863, at *8 (E.D. Mich. Dec. 19, 2003).

125. *Id.*

126. *Id.*

127. *Id.*

128. *Id.*

129. *Id.* at *3.

130. *Id.* at *1.

131. See MICH. COMP. LAWS ANN. §§ 445.1901-1910 (West 2002).

protectable trade secrets, and (2) that IBM has improperly acquired, disclosed or used those trade secrets.”¹³²

Though the court ultimately held that Compuware had not shown that it would suffer sufficient harm if the preliminary injunction was not granted,¹³³ the court opined that Michigan’s adoption of the UTSA does, in fact, abrogate all other civil remedies.¹³⁴ The court further stated that the “purpose of the UTSA was to ‘codify all the various common law tort remedies for theft of ideas’ and that ‘plaintiffs who believe their ideas were pilfered may resort only to the UTSA.’”¹³⁵ Thus, by broadening the scope of Michigan’s adoption of the UTSA to be the sole remedy for the misappropriation of any business information that has some economic value to a company, the court in *Compuware* took nearly the opposite position as that of the Wisconsin Supreme Court in *Burbank*.¹³⁶

C. Category Three Analysis

The third category of cases necessary to consider when determining the impact of allowing additional or alternative tort claims based on the misappropriation of confidential information deemed not to be a trade secret involve those “claims [that are based] on misuse of confidential information, some of which meet the statutory definition of a trade secret and some of which do not.”¹³⁷ Several courts in varying jurisdictions have held “that the UTSA abrogates claims only to the extent that they are based on a trade secret.”¹³⁸ Separate claims based on other factual allegations—such as the misappropriation of information deemed not to be a trade secret—survive.¹³⁹

One example of such a case is *AutoMed Technologies, Inc. v. Eller*.¹⁴⁰ Eller and Youngs were “high-level” employees with AutoMed Technologies (“AutoMed”), which designed automated medical

132. *Compuware*, 2003 WL 23212863, at *8.

133. *Id.* at *10.

134. *See* MICH. COMP. LAWS § 445.1908(1); *see also Compuware*, 2003 WL 23212863, at *8.

135. *Compuware*, 2003 WL 23212863 at *8 (quoting *Clearing Niagara, Inc. v. Midwest Brake Bond Co.*, 270 F. Supp. 2d 943, 948 (W.D. Mich. 2003).

136. *See id.*; *Burbank Grease Servs., L.L.C. v. Sokolowski*, 717 N.W.2d 781, 798 (Wis. 2006).

137. *Id.* at 792-93.

138. *Id.* at 793.

139. *Id.*

140. *AutoMed Technologies, Inc. v. Eller*, 160 F. Supp. 2d 915 (N.D. Ill. 2001).

dispensing systems.¹⁴¹ Eller originally worked for a company that eventually became Healthcare Corp. (“Baxter”); however, Baxter sold the business division that Eller worked in, along with “certain intellectual property and trade secret rights, to AutoMed.”¹⁴² The “asset purchase agreement” that enabled this business transaction also “assigned Baxter’s rights under any confidentiality and non-compete agreements with the division’s employees and third party subcontractors.”¹⁴³

Eller continued to work in the same division, despite the fact that Baxter was sold to AutoMed; and eventually, in 1999, he signed an employment agreement with AutoMed.¹⁴⁴ However, he never signed the company’s non-competition and non-disclosure agreements.¹⁴⁵ Youngs, the other employee mentioned in the suit, also signed an employment agreement with AutoMed. However, he did sign his non-competition and non-disclosure agreement.¹⁴⁶

Eller, Youngs, and Sun Design, a subcontractor originally hired to work with AutoMed, eventually terminated their employment with AutoMed and began working for Express Scripts.¹⁴⁷ In the course of their new employment, Eller, Youngs, and Sun Design continued to work on a project they had started while working at AutoMed.¹⁴⁸ Thus, AutoMed brought a suit against Eller, Youngs, and Sun Design for misappropriation of trade secrets, breach of contract, and breach of fiduciary duty.¹⁴⁹

In its analysis, the U.S. District Court for the Northern District of Illinois concluded that some of the information AutoMed alleged the defendants took did qualify as trade secrets; therefore, the Illinois Trade Secrets Act¹⁵⁰ provided the exclusive remedy for those claims.¹⁵¹ However, the court also allowed AutoMed to pursue two breach of fiduciary duty claims against its former employees because, in their plotting to leave the company, the employees misused confidential

141. *Id.* at 919.

142. *Id.*

143. *Id.*

144. *Id.*

145. *Id.*

146. *Id.* at 919-20.

147. *Id.* at 920.

148. *Id.*

149. *See id.* at 919.

150. *See* 765 ILL. COMP. STAT. ANN. 1065/1-9 (West 2001).

151. *AutoMed*, 160 F. Supp. 2d at 921.

information not deemed to be a trade secret.¹⁵² Thus, as this case points out, courts often take the time to scrutinize the type of material claimed to be a trade secret when determining what types of claims employers may bring against former employees. This analysis seems to favor the interests of the employer over the employee because the employees in this suit were, if found guilty of the alleged claims, subject to multiple punishments under multiple theories of liability.

III. BALANCING COMPETING INTERESTS

“The underlying jurisprudence behind trade secret protection is that an owner should have a remedy if the essential element of secrecy is lost due to a breach of confidence by someone obligated to keep [the] information secret.”¹⁵³ Before determining the most appropriate interpretation of section seven of the UTSA, courts and legislatures need to consider the public policy implications of the various interpretations of section seven. Often, competing businesses, employers, and mobile employees have competing interests.¹⁵⁴ How a court interprets section seven of the UTSA may affect businesses, employers, and employees differently.

In order to maintain a competitive advantage, businesses should be able to protect confidential information that is valuable to their business. In many industries, certain confidential information is economically necessary to the viability of a business.¹⁵⁵ As a result of the “tremendous economic advantages that exclusive knowledge . . . affords to companies in highly competitive industries,” there is a great deal of incentive for competing businesses to acquire that confidential information.¹⁵⁶ Because the incentives for obtaining confidential information can be so great, businesses and individuals have used improper means to acquire or use that valuable information.¹⁵⁷ Thus, courts and legislatures should interpret the UTSA in a manner that promotes the policy behind the UTSA, which is to work to “eliminate or . . . minimize the incentives to obtain competitively valuable information through corrupt practices, rather than through independent effort.”¹⁵⁸

152. *See id.* at 921-22.

153. Rustad, *supra* note 39, at 508.

154. Unikel, *supra* note 13, at 845-51.

155. *See id.* at 845-46.

156. *Id.*

157. *Id.*; *see* cases discussed *supra* Part II.

158. Unikel, *supra* note 13, at 846.

However, the level of protection afforded to confidential information needs to be further balanced against the policy of promoting innovation and encouraging invention.¹⁵⁹ If too much confidential information is protected, or information that is too widely known is protected, competitive businesses and industries will be prevented from using that information to innovate and generating new technological and business advances.¹⁶⁰ On the contrary, however, without legal protection for valuable, confidential, independently-discovered information, businesses would have little incentive to create new technology and innovation because there would be no guarantee that its discoveries would be protected from theft.¹⁶¹ This outcome might mean either (1) companies would simply stop trying to innovate, or (2) companies would invest so much money in protecting their confidential information that they would have little money left over for the development of new technology.¹⁶²

Finally, and perhaps most importantly, courts need to consider the interests of employees, namely, departing employees.¹⁶³ In the situation involving departing employees and trade secrets or confidential information deemed not to be a trade secret, courts have consistently held that there is value in protecting both types of information.¹⁶⁴ In states such as California, departing employees are often involved in trade secret lawsuits as a result of using certain information obtained from a former job while subsequently employed by a competing business.¹⁶⁵ In such cases, businesses seek to hold former employees liable for using confidential information deemed not to be a trade secret, and former employers often try to claim damages under a variety of tort law claims.¹⁶⁶ This type of litigation, however, can have a negative impact on employee mobility. If employers continue to restrict the use of confidential information not deemed to be a trade secret by suing former employees under tort claims for use of information, then employees might become less likely to take new positions in similar industries for fear of inevitable litigation. Also, allowing companies to bring tort claims against departing employees for using confidential

159. *Id.* at 846-49.

160. *See id.* at 849-50.

161. *Id.* at 847-49.

162. *Id.*

163. *See Graves, supra* note 8, ¶ 9.

164. *See cases discussed supra* Part II.

165. *See Graves, supra* note 8, ¶ 9.

166. *Id.* at ¶¶ 9-10; *see also cases discussed supra* Part II.

information not deemed to be a trade secret essentially allows employers the ability to enforce *implied* post-employment covenants. This result decreases the incentive for employers to implement confidentiality agreements while an employee is actually employed, and leaves an employee with little guidance regarding what information is acceptable information to take and use in a new position.

Recognizing these dangers, states such as California have used its Business and Professions Code to explicitly support employee mobility within a given job market.¹⁶⁷ According to Attorney Tait Graves, “[f]ederal courts applying California law have also used section 16600 [of the Business and Professions Code] to void restrictive post-employment covenants.”¹⁶⁸ Therefore, when determining whether the UTSA abrogates other tort law claims for suits involving confidential information deemed not to be a trade secret, courts and legislatures need to consider the interests of departing employees.

IV. HOW TO PROTECT CONFIDENTIAL INFORMATION NOT DEEMED TO BE A TRADE SECRET UNDER THE UTSA

Upon balancing the interests of employers, employees, and competitive businesses, the most efficient and fair interpretation of the current version of the UTSA is that it does, or should, abrogate all other civil remedies for the misappropriation of confidential information deemed not to be a trade secret.¹⁶⁹ Further, the courts should look seriously into moving away from the rigid definition of a trade secret and instead, seek to define information according to the categories set forth in Part I.B.

If courts adopt this view, they would essentially be holding that: “(1) the only mechanism available for the protection of . . . [confidential information] is an action under a state’s trade secret act; and, (2) that common-law theories pertaining exclusively to the protection of trade secrets or confidential information are . . . preempted [or abrogated].”¹⁷⁰ This interpretation of the UTSA is more efficient and effective than the other competing theories. Holding that the UTSA only applies to information that is “legally” defined as a trade secret or holding that misappropriation of trade secrets or confidential information can be protected by any legal theory and ignoring the UTSA all together,

167. Graves, *supra* note 8, ¶ 9; CAL. BUS. & PROF. CODE § 16600 (West 1997).

168. Graves, *supra* note 8, ¶ 11.

169. See Unikel, *supra* note 13, at 886-88.

170. *Id.* at 886.

“reduce[s] the UTSA to just another basis for recovery and leave[s] prior law . . . untouched.”¹⁷¹ Essentially, any other interpretation renders the UTSA mostly ineffective. If courts perpetuate the notion that the UTSA does *not* abrogate other tort claims for the misuse of information not deemed to be a trade secret, the policy behind the UTSA—to eliminate the uncertainty associated with trade secret protection—will fall away and the law existing at the outer bounds of trade secret law will be no more clear today than it was when the UTSA was enacted.

The interpretation that the UTSA abrogates all other civil tort remedies for the misuse of confidential information deemed not to be a trade secret also effectively protects the interests of businesses, competing businesses, and departing employees.

The interests of businesses seeking to protect confidential information not deemed to be a trade secret would be given even stronger protection under this interpretation of the UTSA. In order to afford companies the greatest degree of protection, it is imperative for courts to protect both trade secrets and confidential information that does not rise to the level of a trade secret in a similar manner. Often times, there is no distinction in the relative value between these types of information to a business.¹⁷² A chemical formula, for example, may be just as valuable as confidential customer lists, which may not be a trade secret. As such, given the importance of such information, the UTSA should protect confidential information deemed not to be a trade secret and abrogate other civil tort remedies. This approach allows businesses to efficiently bring suits under the UTSA for misappropriation of a variety of types of information. This approach would also, in turn, reduce litigation costs and eliminate some of the uncertainty surrounding protection of confidential information. Also, as stated in the UTSA, contract claims would still be available to businesses in the event that a departing employee violates a confidentiality or employment agreement.

Had the court in *Burbank* affirmed the appeals court’s decision by holding that the UTSA does protect confidential information, it would have further effectuated the underlying purpose of the UTSA—that is, to promote uniformity in this area of law. Instead, the Wisconsin Supreme Court only added to the confusion that already exists and

171. Unikel, *supra* note 13, at 888.

172. *See supra* Part I.B.

undermined the intent of the drafters of the UTSA to truly create a uniform law among the states.¹⁷³

Further, if courts find that the UTSA abrogates other tort claims for misappropriation of confidential information deemed not to be a trade secret, competing businesses will be even less likely to misappropriate any type of confidential information. This bright line approach would further minimize the incentive to steal confidential information from competing businesses because the law would be clear regarding how a court should handle misappropriation claims. Thus, clarifying the law would only further discourage competitors from stealing confidential information.

Finally, though the idea may be counterintuitive, holding that the UTSA does abrogate all other tort remedies for the misuse of confidential information deemed not to be a trade secret does effectuate the best interests of departing employees. By holding that the UTSA does not abrogate alternative tort actions for misappropriation of information that is deemed “confidential but not a trade secret,”¹⁷⁴ employers are able to hold former employees liable for using information not deemed to be a trade secret under a variety of legal theories.¹⁷⁵ This tactic on the part of former employers seems to “us[e] tort law to create an implied non[-]competition contract with the departing employee.”¹⁷⁶ As a result, employees are vulnerable to multiple claims with unknown outcomes. By eliminating the ambiguities associated with the UTSA, courts can give departing employees a body of law that clarifies what it is that a departing employee can and cannot do with respect to confidential information that does not rise to the level of a trade secret. This would also limit the damages that a court could award to those claims allowed under the UTSA. Because this outcome may limit the damages an employer could receive, employers might be more likely to implement employee confidentiality agreements to avoid litigation.

By clarifying this information, employees such as Sokolowski in *Burbank* would at least be more likely to know the consequences of

173. See *Burbank Grease Servs., L.L.C. v. Sokolowski*, 717 N.W.2d 781, 794, 799-803 (Wis. 2006) (Bradley, J., dissenting).

174. Graves, *supra* note 8, ¶ 10.

175. *Id.* Relief can be sought by an employer under theories such as breach of contract, interference with contractual relations, breach of fiduciary duty, and unfair competition, to name a few. See Unikel, *supra* note 13, at 890. See also Graves, *supra* note 8, ¶¶ 46-54.

176. Graves, *supra* note 8, ¶ 10.

misusing information. Clarifying the law with respect to employee liability for misuse of confidential information will presumably make it easier to educate departing employees about their responsibilities as a departing employee. As a result, employees will be less likely to be hesitant to leave a job and will continue to remain mobile in the market, therefore, perpetuating the public policy supporting employee mobility.

CONCLUSION

At this juncture, perhaps the NCCUSL should be prompted to make additional amendments, that either (1) explicitly interpret the meaning of section seven of the UTSA as it is currently drafted, or (2) add provisions to the UTSA that define confidential information deemed not to be a trade secret. If the Commission does not make these suggested changes, then the necessary changes and clarifications will be up to the state legislatures. However, legislatures may never implement these changes. Therefore, it is up to the respective state courts to keep in mind the policies underlying the UTSA's enactment, as well as the interests of those businesses and employees who are relying on the courts to provide cost-effective and predictable remedies for those businesses whose confidential information is misappropriated. By holding that the UTSA does abrogate all other civil remedies for information deemed not to be a trade secret, courts have the ability to provide much needed stability to the current body of trade secret law.

JULIE PIPER*

* The author received a B.S. degree in 2003 from the University of Notre Dame and is a 2008 J.D. candidate at Marquette University Law School, where she is an associate editor of the *Marquette Intellectual Property Law Review*. She would like to thank her family, for its support, and the editors and staff of the *Marquette Intellectual Property Law Review* for their assistance in publishing this Comment.