

- d. Ensure that each point directly advances your objective and relates to the listener.
- e. Use imagery to create a picture.
- f. Tell a story.
- g. Personalize the story characters (your client).
- h. Add emotional appeal and idealism.
- i. Be prepared, but don't memorize.
- j. Care about what you are saying and use your voice and gestures to express that care.
- k. IF YOU WISH TO EMPHASIZE SOMETHING . . . *speak softly*.
- l. When you want the attention of the fact-finder . . . *pause*.
- m. Start and end on a high note.

4. Conclusion.

It is not particularly surprising that effective communication, whether in the courtroom or in the boardroom, follows the same principles. This realization may suggest to some of us that we ought to attend fewer litigation seminars and more effective-communication seminars.

RECENT OREGON DECISIONS ADDRESS THE ISSUE OF SEQUENCING DISCOVERY IN TRADE SECRETS CASES: IS THE PLAINTIFF ENTITLED TO DISCOVERY FROM DEFENDANT BEFORE PLAINTIFF IDENTIFIES ITS OWN TRADE SECRETS WITH PARTICULARITY?

by Robert A. Shlachter and Timothy S. DeJong
Stoll Berne



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Courts across the country have been struggling with whether, in a case alleging misappropriation of trade secrets, a plaintiff may compel defendant to produce information (confidential or not) that may disclose that defendant misappropriated trade secrets

before plaintiff specifically details which of plaintiff's trade secrets defendant allegedly has misappropriated. The tension is between various policies, including those favoring open and

broad discovery and those disfavoring fishing expeditions to obtain a competitor's valuable trade secrets or other information.

In California, a jurisdiction rich in trade secret litigation, the legislature has attempted to address the issue with a statute. See Cal Civ Proc Code § 2019.210 ("In any action alleging the misappropriation of a trade secret under the Uniform Trade Secrets Act ..., before commencing discovery relating to the trade secret, the party alleging the misappropriation shall identify the trade secret with reasonable particularity subject to any orders that may be appropriate under Section 3426.5 of the Civil Code."); Cal Civ Code § 3426.5 (requiring a court to preserve the secrecy of an alleged trade secret by reasonable means, including protective orders limiting disclosure). Elsewhere, courts have taken different approaches, and the results are inconsistent. The trend appears to favor requiring plaintiff to specify its alleged trade secrets before obtaining defendant's own trade secrets or documents relating to the categories of plaintiff's trade secrets. However, the outcome generally seems to reflect the particular facts of the case.

Until recently there has been little precedent in Oregon. State trial court decisions are difficult to identify, and there is no Oregon appellate court decision addressing the specific issue. In 2015, however, United States District Court Judges Simon and Hernandez issued a series of decisions on the subject. *St. Jude Med. S.C., Inc. v. Janssen-Counotte*, 305 FRD 630 (D Or 2015); *Nike, Inc. v. Enter Play Sports, Inc.*, 305 FRD 642 (D Or 2015); *Vesta Corp. v. Amdocs Mgmt. Ltd.*, --- F.Supp.3d ---, 2015 WL 7720497 (D Or Nov. 30, 2015).

This article examines these three cases and a fourth decision by Judge Fun in Washington County Circuit Court.

A Typical Scenario

In a typical trade secret case, a plaintiff alleges broad categories of trade secrets allegedly misappropriated by the defendants, or refers generally to a category of trade secrets. The plaintiff does not specifically identify the trade secrets allegedly misappropriated. This is understandable in the context of a public pleading, because public disclosure would jeopardize or destroy their value as trade secrets.

Soon after commencement of litigation, plaintiff attempts to initiate discovery to force defendant to disclose its business information to establish that defendant misappropriated one or more of plaintiff's trade secrets. For example, if plaintiff alleges that defendant misappropriated its secret method of efficiently operating its assembly line, plaintiff requests all of defendant's documents relating to the method of operation of defendant's assembly line, to show that the plaintiff's secret method is in use by defendant and was misappropriated.

Defendant resists this discovery and seeks to force plaintiff to first disclose specific information about the alleged trade secrets. For example, defendant may assert that it is not required to provide discovery until plaintiff responds to an interrogatory asking plaintiff to identify with particularity the trade secrets at issue. Typically, this results in defendant filing a motion for a protective order or in plaintiff filing a motion to compel.

Recent Oregon Cases

St. Jude Med. S.C., Inc. v. Janssen-Counotte

In March 2015, Judge Simon issued two opinions, one day apart, addressing plaintiff's obligation to describe with particularity its alleged trade secrets before defendant is obligated to respond to certain discovery.

The first case, *St. Jude Med. S.C., Inc. v. Janssen-Counotte*, 305 FRD 630 (D Or 2015), involved a subpoena to a third party. The defendant was a former high-ranking officer and employee of the plaintiff who, before leaving her employment to become the president of operations of one of the plaintiff's primary competitors, allegedly copied, emailed and downloaded trade secrets by use of 41 separate "thumb drives". *Id.* at 633. Plaintiff subpoenaed defendant's new employer, Biotronik, a non-party. The documents requested included Biotronik's strategic plans, sales and marketing plans, sales revenues by product, documents identifying new customers and other sensitive information.

Among other objections, Biotronik asserted that St. Jude should be required to describe with greater particularity its alleged trade secrets that are at issue before being allowed to proceed with discovery. Judge Simon noted that the defendant had not asked the court in the underlying litigation, which was pending in federal court in Texas, to require St. Jude "to define further its alleged trade secrets before being allowed to proceed with discovery, even though [defendant] filed numerous other motions" in the case. *Id.* at 639-40.

Biotronik cited cases holding that a plaintiff must identify the trade secrets before proceeding with discovery, and St. Jude cited cases in which the court declined to require plaintiff to make such disclosures. Applying instead a middle ground, Judge Simon found one case, *BioD, LLC v. Amnio Tech., LLC*, 2014 WL 3864658 (D Ariz Aug. 6, 2014), to be "particularly instructive for identifying the criteria that a district court should consider in deciding this question." *Id.* at 640. As Judge Simon explained, the *BioD* court suggested that a "plaintiff will normally be required first to identify with reasonable particularity the matter which it claims constitutes a trade secret, before it will be allowed (given a proper showing of need) to compel discovery of its adversary's trade secrets", *id.* (quoting *BioD*, 2014 WL 3864658, at *4), but the *BioD* court also recognized certain factors mitigating against such a requirement:

"[C]ourts have identified at least three policies which support allowing the trade secret plaintiff to take discovery prior to identifying its claimed trade secrets. First, courts have highlighted a plaintiff's broad right to discovery under the Federal Rules of Civil Procedure. Second, the trade secret plaintiff, particularly if it is a company that has hundreds or thousands of trade secrets, may have no way of knowing what trade secrets have been misappropriated until it receives discovery on how the defendant is operating. Finally, if the trade secret plaintiff is forced to identify the trade secrets at issue without knowing which of those secrets have been misappropriated, it is placed in somewhat of a 'Catch-22' [because] [i]f the list is too general, it will encompass material that the defendant will be able to show cannot be trade secret. If instead it is too specific, it may miss what the defendant is doing."

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St. Jude, 305 FRD at 640 (quoting *BioD*, 2014 WL 3864658, at *5).

Judge Simon applied these factors and ruled that *St. Jude* was not required to identify its trade secrets with greater particularity before it would be allowed to conduct discovery in order “to determine what precisely Defendant Janssen took and whether she is using it improperly for the benefit of her new employer.” *Id.* at 641. Judge Simon found that the federal court in the underlying case had not limited the plaintiff’s right to discovery, that plaintiff appeared to have numerous trade secrets but no way of knowing what trade secrets were misappropriated without discovery, and that *St. Jude* would be placed in the “Catch-22” identified by the *BioD* court. *Id.*

Nike, Inc. v. Enter Play Sports, Inc.

In a second opinion issued the following day, *Nike, Inc. v. Enter Play Sports, Inc.*, 305 FRD 642, 643 (D Or 2015), Judge Simon addressed the plaintiff’s motion for a protective order and defendant’s cross-motion seeking to require Nike to “first provide a more specific list describing the trade secrets at issue with reasonable particularity before Defendant should be required to provide discovery.”

Nike alleged (1) that it had conceived of confidential concepts regarding a three-dimensional braided “upper” for athletic footwear, (2) that as part of vetting the braided upper concepts, it had retained defendant EPS to build samples, and (3) that the parties had signed a non-disclosure agreement (“NDA”). Unbeknownst to Nike at the time, EPS had filed provisional patent applications with the Patent Office regarding the braided upper concepts. Nike filed its complaint under seal, and included numerous specifics, including drawings and illustrations.

As in *St. Jude*, each party in *Nike* found non-binding authority to support its position. Judge Simon again applied the factors identified in *BioD* and again allowed the discovery against defendant to proceed.

Judge Simon explained that he had “closely reviewed NIKE’s Complaint and [found] NIKE’s specifications of the trade secrets at issue to be sufficient, at least to permit discovery to proceed.” *Id.* at 646. The court noted that EPS did not challenge the sufficiency of the allegations by pleading motion. Judge Simon found that defendant’s own pleading demonstrated that defendant had sufficient information on the specifics of the claimed trade secrets to allow defendant to assert, by counterclaim, that Nike’s alleged trade secrets either were not disclosed in defendant’s patent applications or, to the extent they were disclosed, the alleged trade secrets were expressly excluded from the coverage of the NDA and not protected. *Id.*

Vesta Corp. v. Amdocs Mgmt. Ltd.

More recently, in *Vesta Corp. v. Amdocs Mgmt.*, --- F.Supp.3d ---, 2015 WL 7720497 (D Or Nov. 30, 2015), Judge Hernandez ordered plaintiff to plead or disclose its alleged trade secrets with more particularity before obtaining discovery from defendants. In its ruling, the court distinguished the *St. Jude* and *Nike* decisions on the grounds that the policy considerations in those cases did not apply under the circumstances of the *Vesta* case.

Plaintiff Vesta, an electronic payments and fraud prevention technology company, and defendant Amdocs, a telephone billing software and services company, had collaborated to integrate their services to appeal their shared customer base. Vesta sued Amdocs alleging, in relevant part, that Amdocs had stolen information obtained via Vesta in the course of the collaboration, including “Confidential Solutions Methods”. The parties had stipulated to a scheduling order that required Vesta first to answer Amdocs’ interrogatories regarding the trade secrets, but the parties disagreed about the adequacy of Vesta’s responses. Amdocs filed a motion to compel complete responses to the interrogatories and to excuse it from responding to Vesta’s discovery requests in the interim.

Judge Hernandez found “no bright-line answer as to the degree of particularity that must be disclosed in order for discovery to proceed in a trade secrets case” and explained that “the Court’s analysis in each case is fact-intensive and the outcome is fact-specific.” *Id.* at *3. Judge Hernandez noted that Judge Simon’s decisions in *St. Jude* and *Nike* appeared to be the only prior written opinions on the issue in this District.

Neither of Judge Simon’s opinions adopted the rule applied by many federal courts across the country requiring the party alleging a claim for misappropriation of trade secrets to identify its alleged trade secrets with reasonable particularity before compelling discovery of its adversary’s trade secrets. However, Judge Simon did not reject the rule either. Instead, Judge Simon considered the rule, as well as additional policy considerations. Judge Simon found that those policies weighed against requiring *Nike* or *St. Jude* plaintiffs to provide further specificity as to their trade secrets.

Id. at *5 (footnote omitted).

Like Judge Simon, Judge Hernandez applied the *BioD* analysis to resolve the dispute. *Id.* However, Judge Hernandez reached the opposite conclusion based upon the facts of the case.

The court cited the trend in the federal courts throughout the country requiring plaintiff to make such disclosures at the outset. *Id.* at *6. Judge Hernandez found that several policy considerations weighed in favor of imposing that requirement on Vesta. Among those policies, he explained, the disclosure requirement would prevent “fishing expeditions” and would deny plaintiff the opportunity to mold its trade secret claim to fit the evidence obtained from defendant. *Id.* Requiring disclosure would also limit unnecessary exposure of a defendant’s trade secrets by allowing only well-investigated claims to proceed. *Id.*

Judge Hernandez found that the policy considerations against the requirement for plaintiff to specifically identify its trade secrets did not weigh as heavily as in *St. Jude* and *Nike*. *Id.* The court concluded that “this case differs from other cases where plaintiffs may face an inherent difficulty identifying what portions of trade secrets have been misappropriated prior to receipt of discovery from defendants. Unlike the plaintiff in *St. Jude*, for example, Plaintiff here should know exactly what trade secrets were shared with Defendants because such disclosures took place in a discrete number of joint meetings and exchanges of information over a defined time frame. This is not a case where Defendants stole large volumes of documents or secrets from Plaintiff without Plaintiff’s knowledge.” *Id.* (citations omitted).

Columbia Indus., LLC v. Entro Inc.

In an earlier, unreported state court ruling, Judge James L. Fun of the Washington County Circuit Court considered arguments similar to those discussed above but based his decision instead on the Oregon Uniform Trade Secrets Act as a whole, including, in particular, the punitive attorney fee provisions set forth in ORS 646.467. *Columbia Indus., LLC v. Entro Inc.*, Case No. C121052CV (Order June 6, 2012) (“Order”). Judge Fun declined to require the plaintiff to specify its trade secrets with particularity before proceeding with discovery from defendants.

Columbia Industries sued its former engineers for misappropriation of trade secrets after they left their positions at Columbia Industries and started a competing business selling the same types of heavy equipment they had designed for Columbia Industries. Defendants moved for a protective order, asking that discovery be stayed until Columbia Industries disclosed its trade secrets with specificity, and Columbia Industries filed a cross-motion to compel production of defendants’ documents relating to the technology at issue.

Judge Fun denied the motion for a protective order and granted the motion to compel. In doing so, the court did not expressly consider the policy considerations discussed in the District of Oregon cases. Instead, Judge Fun found the answer in the Oregon trade secrets statute: “Looking at the Oregon Uniform Trade Secrets Act as a whole, the statutory provision pertaining to bad faith claims is the mechanism Oregon has chosen to prevent abusive use of the Oregon Uniform Trade Secrets Act, rather than conditioning discovery on plaintiff identifying its trade secrets with particularity.” Order at 4.

Conclusion

Based upon the Oregon federal court decisions discussed in this article, the sequencing of discovery may turn on whether the specifics of the misappropriation should be known to the plaintiff. A defendant is less likely to be able to delay discovery of its trade secrets or other information if the facts of the case align more closely to the scenario in which a departing employee is known to have taken information, but the contents of the information that was taken are unknown to the plaintiff. It is notable that the analysis applied by Judge Fun is not addressed in any of the Oregon district court opinions. However, federal courts may have implicitly rejected Judge Fun’s analysis in the policy considerations and fact-specific analysis that they have applied.

The Juice is Back . . . What Were the Takeaways Again?

By Charese A. Rohny
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Twenty years have passed since the *People v. O.J. Simpson* trial, and the case has made its way back to our screens.¹ As lawyers, we are reminded of our emotions at the time and of the takeaways we debriefed interminably as every detail aired.

Everything in the case was big – the media, the drama, the defendant’s celebrity, and the mistakes. Often lessons can best be learned when using an extreme as an illustration. The “O.J. case” gives a motherlode of extremes. It can be excruciating at worst and annoying at best to “Monday morning quarterback” how the trial was handled. We have all lost at trial, and we have all suffered through excessive commentary on the O.J. case. Much of the commentary post-verdict was on how the prosecution failed to make their case.²

There is simply too great a wealth of material and relevancy to current societal issues not to again seize the opportunity for a discussion on takeaways. Now we can do so with historical perspective. In evaluating what happened, I examined the following:

- Each side’s theories of their case;
- What evidence each side offered to support their theories, what the court allowed and excluded as evidence, and what each side did with it; and
- The jury biases relevant to the theories of the case, and how each side addressed them.

Any accusation or insinuation that the verdict was based solely on race or celebrity is inaccurate and insulting to the jurors. The O.J. case reveals the following takeaways:

1. Understand juror biases and address them within the historical context of your case;
2. Know and vet your key witnesses thoroughly, predict, and preempt their weaknesses, particularly as it relates to your theory of the case;
3. Never underestimate the importance of motions *in limine*, and conversely of opening the door through impeachment; and
4. Limit the length of your case.

The prosecution’s theory against O.J. was that the murders were the culmination of increasingly violent spousal abuse; whereas the defense’s theory was that a “racist cop” planted key evidence.³ From the outset, juror biases were against the prosecution’s theory and in favor of defendant’s.