

# Greenberg Traurig

## Trade Secret Law Evolution podcast

### Episode 47: The Fine Line Between Lawful Notification and Unlawful Solicitation, and Injunction Specificity

Speaker 1 ([00:00](#)):

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Jordan Grotzinger ([00:18](#)):

Welcome to the Trade Secret Law Evolution podcast, where we give you comprehensive summaries and takeaways on the latest developments and trends in trade secret law. We want you to stay current and ahead of the curve when it comes to protecting your company's most valuable assets. I'm your host Jordan Grotzinger. Welcome to episode 47 of the Trade Secret Law Evolution podcast. Today, we welcome my partner, my friend, Jen Surprenant. Jen, why don't you say a few words about yourself and your practice?

Jennifer Surprenant ([00:51](#)):

Well first off, Jordan, thank you so much for having me. As you know, I've been listening to the podcast now for many years, so I'm just thrilled to be here. I'm a commercial litigation shareholder in Greenberg Traurig's New York City office. I've been practicing law for over 15 years. And in a couple months, I'll mark my 10 year anniversary at GT. So during that time, I have been fortunate to handle over 30 arbitrations and trials, all of which center on large commercial disputes, often breach of contract, a variety of business towards various intellectual property disputes, and of course, trade secrets.

Jordan Grotzinger ([01:23](#)):

Happy to hear that you're one of our dozens of listeners, and let's jump right in. We're going to discuss two cases today and they deal with the following issues. And I thought this was pretty interesting because it's such a fine line, but the issue is distinguishing between lawful notification and unlawful solicitation. Obviously, a key thing in a lot of trade secret cases which commonly involve employees leaving one company and going to a competitor allegedly with trade secrets. And the second issue is injunction specificity, obviously another important one. So the first case that addresses the issue of or the distinction between lawful notification and unlawful solicitation was a case out of the Southern District of Mississippi.

Jordan Grotzinger ([02:17](#)):

And in that case, a university medical center, we'll call it university, alleged that the defendant's misappropriated trade secrets in violation of the Federal Defend Trade Secrets Act by stealing patient information and then used that stolen information to build a hemophilia clinic at another medical center to enrich themselves. The university obtained a default judgment after the defendants allegedly lied and

concealed evidence in discovery. However, the defendants moved for summary judgment on the merits and on damages. And when I read that in the case, I kind of had to do a double take because there was a default judgment already. And I thought, "How are they moving for summary judgment?" But as the court explained, generally, a defaulted defendant does not get to contest the merits since it has defaulted, but here the court considered the merits because the university "still must prove a causal nexus between the misappropriation and its damages in order to recover damages under the Defend Trade Secrets Act."

Jennifer Surprenant ([03:25](#)):

So as to that causal nexus, defendant's proffered evidence that the university, "itself notified its hematology patients that the doctor defendant would be leaving and provided his contact information at his new clinic." And that, "As of November 16th, 2021, 50 of the alleged unjust enrichment patients signed affidavits confirming that the alleged misappropriation had nothing to do with their decision to seek care at the new clinic." But in counter, the university offered evidence that the doctor defendant's business plan, "Displayed his expected yearly profits of 5 million dispensing hemophilia medicine to former university patients whom he solicited while he was still employed by the university and who's information he was in the process of compiling and stealing from the university." In addition, the university relied upon evidence of defendant's reliance on the patient list, "To solicit patients," and further caused suspicion on the doctor's failure to produce text messages for the period of July 1st, 2016 through August 7th, 2016, which, "Was the first month of the new clinic's operations."

Jordan Grotzinger ([04:36](#)):

So it was kind of a suspicious time not to produce the texts-

Jennifer Surprenant ([04:39](#)):

Exactly.

Jordan Grotzinger ([04:39](#)):

... Is what the implication was. So based on that evidence, the court found that the university met its burden to raise a triable issue of fact with respect to the defendant's motion for summary judgment. And again, for the non-lawyers out there, what does a triable issue of fact mean? A motion for summary judgment essentially tells a court, "Here are the undisputed facts. And if you apply those to the law, the moving party is entitled to judgment." So the opposing party has to raise an issue of fact saying, "Wait, there is an issue of fact if you apply the law." And if there is an issue of fact, the moving party doesn't get summary judgment.

Jordan Grotzinger ([05:18](#)):

Notably here, the judge said that, "Courts consistently distinguish between a physician's right to announce a new affiliation, even to trade secret clients of a former employer, and the unlawful misappropriation," of that information to solicit customers. Here, the university provided sufficient evidence to raise a triable issue of fact as to, "Whether the defendant's use of the patient list surpassed lawful patient notification and veered into unlawful solicitation." Thus, the court held a jury has to resolve this issue. So we'll get to the takeaways on that, but I just found that case fascinating because it really crystallizes or focuses on that fine line between what's lawful notification when an employee moves to a new company versus unlawful solicitation.

Jennifer Surprenant ([06:19](#)):

Jordan, this is issue that comes up so frequently in trade secret law with the intersection between breach of contract and employees leaving and going somewhere. And it's just something that we see all the time in this field.

Jordan Grotzinger ([06:32](#)):

It's true. And to your point, the contracts often address that and essentially try to echo the law on non-solicitation. But that's not always enforceable. There is, depending on where you are and what you do, a form of lawful notification, "Hey, I'm going to go to this new company, just FYI." There's a difference between that and contacting somebody whose identity might be a trade secret or using information to solicit a client, which is probably unlawful. So it's a key and interesting and sometimes fine line distinction.

Jennifer Surprenant ([07:13](#)):

So the next case we're going to discuss is from the Federal Circuit on May 16th, 2022. And though it's unpublished, it's still instructive. So some brief background here, the plaintiff previously had received a preliminary injunction in a federal trade secrets case and the defendant moved to vacate the injunction, arguing it was too vague to follow, including with respect to the extent to which it enjoined the continued use of particular alleged trade secrets. So when it comes to injunctions, Federal Rules of Civil Procedure 65(d) requires that an injunction, "Describe in reasonable detail and not by referring to the complaint or other document, the act or acts restrained or required." So in further clarification of 65(d), the Supreme Court has explained that the rule was designed to prevent uncertainty and confusion on the part of those faced with injunctive orders and to avoid the possible founding of a contempt citation on a decree too vague to be understood. Since an injunctive order prohibits conduct under threat of judicial punishment, basic fairness requires that those enjoined receive explicit notice of precisely what conduct is outlawed.

Jordan Grotzinger ([08:23](#)):

So the court agreed that the injunction didn't provide the notice required by rule 65(d) as to whether and to what extent the defendant's continued use of particular trade secrets is outlawed. The injunction, "Heavily focuses on the improper acquisition disclosure and use of certain confidential reports," but the plaintiff's, "Acquisition theory wholly revolves around a certain individual's hard drive." But, the court noted, there was no evidence that the hard drive contained any confidential information. And the court rejected the argument that the injunction was just broad, capturing all 70 trade secrets, but not ambiguous. There's a difference, of course, between being broad and enjoining a bunch of conduct as to a lot of trade secrets and being ambiguous to the extent it's unenforceable. The court noted that the district court never addressed whether all of that information was confidential or whether it was misappropriated.

Jordan Grotzinger ([09:30](#)):

Also, "The scope of asserted trade secrets captured under the plaintiff's argument is staggering, including unspecified software architecture, unnamed user interfaces, generically noted research, and other information simply identified as trade secrets. The district court did not engage in analysis of the likelihood of success on these many and varied alleged trade secrets." Finally, the court said, "Rule 65(d) expressly requires that the injunction order itself must, "Describe in reasonable detail and not by referring to the complaint or other document, the act or acts restrained or required.'" So the injunction

violated the rule that, "Those against whom an injunction is issued should receive fair and precisely drawn notice of what the injunction actually prohibits." So Jen, this is the part, as you know from being one of the listeners, where we give our takeaways from these cases. So why don't you start with the first one?

Jennifer Surprenant ([10:37](#)):

The first takeaway from the cases is that in cases involving an employee leaving one company or practice and going to a competing one, there is a fine line between lawful notification on the one hand and unlawful solicitation on the other. So the distinction lies in proof of misappropriation by either use disclosure or acquisition of trade secret information by improper means. The more evidence that you have of, "Improper means," like the doctor's solicitation while still employed at the university and failure to produce text messages for a key period, the better your chances to prove that the line was crossed.

Jordan Grotzinger ([11:12](#)):

Yeah, it's a pretty common sense concept, right? The line is thin between lawful notification and unlawful solicitation. And just applying common sense and the law, which often don't always align, misappropriation is the taking of trade secrets by improper means. So the more proof that you have of improper conduct, the better the chance that you've got proof of unlawful solicitation as opposed to lawful notification.

Jennifer Surprenant ([11:54](#)):

But on the other hand, people should be able to notify their clients when they're moving their employment so that they can keep their business. Otherwise, it's going to place undo restrictions on their ability to have their own economic freedom. So it is a fine line and I think it's important to protect individual's rights to their own economics, but also it's important to protect lawful trade secrets. So it's a very interesting area

Jordan Grotzinger ([12:22](#)):

It is, and the law recognizes that, some states more than others, to your point about employment freedom. For example, in my state of California, non-compete clauses are essentially unenforceable unless you're taking trade secrets. A person is free to go do another job, even in the same business as a prior employer, they just can't do so with the benefit of misappropriated trade secrets, which makes sense. So the second takeaway involves injunction specificity, and the takeaway is this. An injunction must, "Describe in reasonable detail, and not by referring to the complaint or other document, the act or acts restrained or required." As in the Federal Circuit case, a court can look at what proof of trade secrets and misappropriation was offered to obtain the injunction in interpreting the injunction. So as in that case, if there was no proof of, for example, trade secret X or that trade secret X was misappropriated, a broad injunction may not be read to enjoin the use of that trade secret.

Jennifer Surprenant ([13:38](#)):

So this was an interesting case on an issue that will continue to develop. We've seen cases where injunctions as broad as the one in the Federal Circuit case were granted. And also an argument can be made that this case is inconsistent with common lines of cases that recognize that at the injunction stage, it's frequently impossible to know exactly what was misappropriated. And as long as you prove that certain categories of stolen data could constitute trade secrets, an injunction may issue. So parties

need to walk a fine line between making injunctions broad enough to protect against what they can't yet know, but precise enough to comply with rule 65.

Jordan Grotzinger ([14:13](#)):

Yeah. For those reasons, the case was somewhat striking to me because so frequently when you are the party seeking an injunction in a trade secret case, you don't have the complete picture of misappropriation because you're at the start of the case. The way these cases usually work is client company is concerned that an employer has left and taken trade secrets with him or her. And they hire a lawyer and there's frequently a large data dump involved with sometimes thousands or more pages of records. And of course, generally speaking, when you're seeking injunctive relief, you got to do it quickly. And sometimes it is actually impossible to know quickly exactly what was in that data dump, how much of it constituted trade secrets, and so on, which is why a lot of cases recognize that you don't have to prove at the injunction stage that every single piece of data that was taken by the former employee rose to the level of trade secret.

Jordan Grotzinger ([15:31](#)):

Rather, if you show that the kinds of files that were taken are generally trade secrets and that the employer took reasonable measures to keep them secret, that often can be enough, even if you haven't proven that the whole data dump constituted trade secrets. And that makes a lot of sense because if you had to prove that every time that fast, there wouldn't be a lot of injunctions and they are achievable based on that standard of proof I've just mentioned. This case, on the other hand, kind of took it to another level and said, "Wait a minute, where's the analysis that such and such trade secret actually was a trade secret or that it was misappropriated?" Almost suggesting that you do have to show that everything taken was misappropriated. Which I don't think the case says that, but it arguably suggests that. In any event, good example of the law continuing to develop and there being a continuing reason for this podcast to exist.

Jennifer Surprenant ([16:38](#)):

Agreed.

Jordan Grotzinger ([16:38](#)):

So yeah, with that said, let's get to the new most fun part of the podcast now. Whenever we have a guest, we ask the guest to tell us something interesting about you. So Jen, is there anything interesting about you?

Jennifer Surprenant ([16:54](#)):

Well, arguably no. But a fun fact is that ever since I was a little girl, I always wanted to be a lawyer and it was really the only career that I've ever pursued. But before going to law school, while I was in college, I briefly embarked on an alternative career path. So while I was in college, I developed a passion for medieval art and particularly developed an interest in metal work and glass and stonework, anything that's not traditional painting on canvas. And I was very fortunate to work for several years for the Metropolitan Museum of Art here in New York as a docent, which is really just a fancy word for a tour guide. And I worked up at the Cloisters in Fort Tryon Park in Upper Manhattan, where a significant portion of the Met's medieval collection is held. So I don't know, Jordan, if you've ever been to the Cloisters, but it is such a unique and special place.

Jennifer Surprenant ([17:40](#)):

It's comprised of actual pieces of monastic architecture that, back in the early 1900s, were purchased from various throughout Europe and were disassembled brick by brick and flown over to New York and reassembled. So the entire experience of the museum is walking through actual portions of medieval buildings and the walls of the museum are actually part of the art. So anyway, like I said, I worked there before I went to law school and I actually continued even through law school and even into my early years when I was a young associate. But yeah, eventually I gave it up because it just got to be too much with building a law practice and keeping up with the Cloisters collection. So I retired. But yeah, next time you're in New York if you have any interest in heading up to Upper Manhattan and immersing yourself in medieval art, you know where to find me.

Jordan Grotzinger ([18:27](#)):

That is really interesting and definitely a surprise. And while I am more of a MoMA guy, I've been to the Met, but not to the Cloisters, did you say they're called?

Jennifer Surprenant ([18:36](#)):

Cloisters, yes.

Jordan Grotzinger ([18:37](#)):

I'll definitely have to check that out. So you're telling us there was almost a chance that your career went in the direction of medieval art as opposed to law?

Jennifer Surprenant ([18:49](#)):

Yes, I was being lured by the Met to go get a PhD in medieval art and come back. And I was like, "No." But it's so interesting and it's great that I can keep up my hobby, which is what it is now.

Jordan Grotzinger ([19:03](#)):

You know what? I'm impressed. The first guest on which we had this segment was our partner, Rich McCray, whose interesting fact was that he was a state trooper in New Jersey. And he talked about how that related to his investigative skills in law practice. But this medieval art thing, you competed well there and that's very interesting, so happy to hear.

Jennifer Surprenant ([19:28](#)):

Not quite as dangerous as being a state trooper in New Jersey, but it's-

Jordan Grotzinger ([19:32](#)):

Right. Well, good to hear, really interesting, thank you. And that's all we got. We'll see everybody next month, and bye everybody. Okay, that's a wrap. Thanks for joining us on this episode of the Trade Secret Law Evolution podcast. As the law evolves, so will this podcast, so we value your feedback. Let us know how we can be more helpful to you. Send us your questions and comments. You can reach me by email at [grotzingerj@gtlaw.com](mailto:grotzingerj@gtlaw.com) or on LinkedIn. And if you like what you hear, please spread the word and feel free to review us. Also, please subscribe. We're on Apple Podcasts, Stitcher, Spotify, and other platforms. Thanks everybody, until next time.

Speaker 4 ([20:14](#)):

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Speaker 5 ([20:35](#)):

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