eBay, Permanent Injunctions, and Trade Secrets

Elizabeth A. Rowe
University of Florida Levin College of Law, rowe@law.ufl.edu

Follow this and additional works at: https://scholarlycommons.law.wlu.edu/wlulr

Recommended Citation
eBay, Permanent Injunctions, and Trade Secrets

Elizabeth A. Rowe*

Abstract

This Article presents the first qualitative empirical review of permanent injunctions in trade secret cases. In addition, it explores the extent to which the Supreme Court’s patent decision in eBay v. MercExchange has influenced the analysis of equitable principles in federal trade secret litigation. Among the more notable findings are that while equitable principles are generally applied in determining whether to grant a permanent injunction to a prevailing party after trial, the courts are not necessarily strictly applying the four factors from eBay. The award of monetary relief does not preclude equitable injunctive relief, and courts can find irreparable harm even where the loss has been compensated monetarily. Moreover, where injunctions are requested but denied, the lack of irreparable harm seemed to have been the factor most often articulated as the reason for the denial.

* Irving Cypen Professor of Law, Distinguished Teaching Scholar, and Director, Program in Intellectual Property Law, University of Florida Levin College of Law. I express my appreciation to Victoria Cundiff, Jeffrey Feldman, Camilla Hrdy, David Levine, Sharon Sandeen, Christopher Seaman, Deepa Varadarajan, as well as workshop participants at Washington & Lee University School of Law and Wake Forest University School of Law for insights, comments, or conversations about the ideas expressed in earlier versions of this work. Thank you to Laura Kanouse, Alexandra Graves, Anisha Dutt, Tiffany Ward, and Eric Martin for excellent research assistance, and to the University of Florida Levin College of Law for its research support.
I. Introduction

In 2017, I published the first empirical study of trade secret damages in federal courts (initial study). Among its many ground-breaking findings was that plaintiff trade secret owners who take their cases to trial are very likely to win.\(^1\)

---


2. See id. at 182 (“[T]he study shows that plaintiffs received a favorable verdict 66% of the time, whereas for defendants, it was less than half that number at 25%.”).
Moreover, the initial study found that those cases where permanent injunctions were awarded were also highly positively correlated with the receipt of monetary damages. Indeed, “[d]amages on a trade secret claim [were] accompanied by a permanent injunction about 80% of the time.” This suggests that a trade secret owner who prevails on damages is very likely to also receive a permanent injunction; a particularly interesting finding, considering that permanent injunctive relief for trade secret cases is essentially intended as an alternative to damages.

Following up on the initial study, this Article performs the first qualitative empirical review of permanent injunctions in federal courts and seeks to explore several questions. For instance, was there a qualitative difference between those cases where an injunction issued and those where it was denied? What was the nature of the overlap between permanent injunctions and damages? In theory, courts ought to be granting permanent injunctions when a trade secret owner is unable to be made whole from monetary relief, it has suffered irreparable harm, and the injunction is limited in length. However, is this consistent with what actually appears to be happening “on the ground” at the trial courts and the appeals courts? Finally, in deciding whether to enter a permanent injunction, are the courts applying general equitable principles, or specific factors from the Supreme Court’s highly significant patent case eBay Inc. v. MercExchange, L.L.C.?

In eBay the Supreme Court unanimously rejected the “general rule” that a prevailing patentee is entitled to an

---

3. See id. at 195 (noting that a permanent injunction issued without damages occurred in only nineteen percent of cases).

4. Id.

5. Id. at 196.

6. See infra Part II.A.

7. See UNIF. TRADE SECRETS ACT § 2 (UNIF. LAW COMM’N, amended 1985) (indicating that an injunction should last only as long as there is actual or threatened misappropriation).

According to the *eBay* Court, whether a patentee receives an injunction depends on a case-by-case analysis of four traditional factors: (1) whether the plaintiff would suffer irreparable injury if the infringement continued; (2) whether the plaintiff had an adequate remedy at law; (3) the balance of the hardships imposed by granting or denying the injunction; and (4) the public interest. Since the Supreme Court’s decision in *eBay*, there seems to have been a shift from a property rule to a liability rule when courts consider the grant of permanent injunctions in patent cases. In practice, this means that a patent owner does not automatically receive an injunction upon winning an infringement case and does not have an automatic right to exclude from its property, even when liability is found.

Although *eBay* was issued in a patent dispute, courts have applied this principle to all other areas of intellectual property over the past decade. However, there is concern about whether they are consistently applying it in an appropriate way. As Professor Lemley has argued in the trademark context, for example, *eBay* merely suggests that equitable rules should apply on a case-by-case basis, but it does not call for a rigid and mandatory application of the four factors. Relatedly, once a plaintiff in a trade secret case proves

---

9. See id. at 393–94 (determining that the “decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts”).

10. Id. at 391.


13. See, e.g., Mark A. Lemley, *Did eBay Irreparably Injure Trademark Law?*, 92 NOTRE DAME L. REV. 1795, 1798 (2017) (noting that some circuits have applied *eBay*’s reasoning to copyright cases in addition to patent cases).

14. See id. at 1796 (“[T]rademark courts have misinterpreted *eBay*, treating each of the four factors as a requirement rather than a consideration.”).

15. See id. at 1800 (noting that *eBay* was intended to create a case-by-case inquiry based on the contextual need for an injunction).
misappropriation, it may argue that it is “automatically” entitled to permanent injunctive relief.\textsuperscript{16} In such circumstances, are the courts taking a perfunctory approach, or are they carefully and methodically applying equitable principles in trade secret litigation? Consequently, in conjunction with its empirical inquiry, this Article also explores the influence of \textit{eBay} in trade secret litigation by reviewing published cases. In so doing, it seeks to ascertain, for instance, whether the \textit{eBay} trends in trade secret litigation mirror those from patent litigation, and whether the traditional presumption of irreparable harm in trade secrecy has been affected by \textit{eBay}.\textsuperscript{17}

The qualitative analysis in this follow-up study consisted of reviewing the dockets and relevant case files in the federal district court cases from the initial study.\textsuperscript{18} Among the more notable findings were that while equitable principles are generally applied in determining whether to grant a permanent injunction to a prevailing party after trial, the courts are not necessarily strictly applying the four factors from \textit{eBay}.\textsuperscript{19} The award of monetary relief does not preclude equitable injunctive relief, and courts can find irreparable harm even where the loss has been compensated monetarily.\textsuperscript{20} Moreover, where injunctions are requested but denied, the lack of irreparable harm seemed to have been the factor most often articulated as the reason for the denial.\textsuperscript{21}

Given the recent enactment of the federal Defend Trade Secrets Act (DTSA)\textsuperscript{22} and the attendant influx of trade secret

\begin{flushleft}
\textsuperscript{16} See \textsc{Unif. Trade Secrets Act} § 2(a) (“Actual or threatened misappropriation may be enjoined.”).
\textsuperscript{17} See generally Ronald T. Coleman Jr. et al., \textit{Applicability of the Presumption of Irreparable Harm After eBay}, 32 \textsc{Franchise L.J.} 3 (2012) (discussing \textit{eBay}’s effect on other types intellectual property litigation).
\textsuperscript{18} See infra Part III.B.
\textsuperscript{19} See infra Part IV.A.
\textsuperscript{20} See infra Part IV.C.
\textsuperscript{21} See infra Part II.B.2.
\end{flushleft}
cases in federal courts23 (that now have original but not exclusive jurisdiction),24 this Article is especially timely and significant for its unique contribution in combining an investigation of the influence of eBay in trade secret litigation with an empirical review of trade secret permanent injunctions in federal district courts. It further augments the scant empirical work in trade secrecy generally.25 Beyond adding depth to the trade secret literature on remedies, the insights from this undertaking will also prove beneficial to scholars, trade secret litigants, and the courts.

The Article begins in Part II by providing background information about permanent injunctive relief in trade secret cases.26 It then presents a review of the extent to which federal courts have been applying eBay in trade secret cases, and the prominent role that one factor, irreparable harm, appears to play when applying the equitable principles to decisions about granting injunctive relief.27 Part III reviews the methodology and data collection from the initial study, and its connection to this follow-up qualitative review of the cases.28 The results from the qualitative study are presented in Part IV, beginning with observations about the nature of the injunction orders, scope of the orders, effect of monetary relief and punitive damages, the approach in cases that involved both patent and trade secret claims, and the relative absence of discussion about ongoing use of trade secrets by the parties (compared to the non-practicing entities in patent cases).29 Next, with respect to those cases where permanent injunctions were not entered (but damages were received), the section posits that most of the time either a request for an injunction was not

25. See Seaman, supra note 11, at 1951 (noting the lack of empirical studies on eBay's effect in patent litigation).
26. See infra Part II.A.
27. See infra Part II.B.
28. See infra Part III.
29. See infra Part IV.A.
made, or when it was made, it was denied for lack of irreparable harm.\textsuperscript{30} Thus, consistent with the published cases, irreparable harm stood out as the most prominent of the equitable factors among the cases in the study.\textsuperscript{31} Finally, the Article concludes that this study yielded interesting and novel insights and discusses the value of these insights to litigants and the courts as more and more trade secret cases move into the federal courts.\textsuperscript{32}

\textbf{II. Background on Trade Secret Permanent Injunctions}

Throughout the period covered by the initial study (2000 to 2014), trade secret damages were governed by state law.\textsuperscript{33} Thus, most civil trade secret claims were filed in state courts.\textsuperscript{34} However, trade secret cases could be filed in federal court based on diversity jurisdiction if the amount in controversy exceeded $75,000.\textsuperscript{35} Cases could also be removed by the defendant from state to federal court if there is a federal claim (such as a patent infringement claim) to which the state claim is supplemental.\textsuperscript{36} Indeed, in this study twenty-two percent of the cases were initially filed in state court and were later removed to federal court.\textsuperscript{37} Cases filed in federal court would generally apply the trade secret law of the state in which the

\begin{itemize}
  \item \textsuperscript{30} See infra Part IV.B.
  \item \textsuperscript{31} See infra Part IV.C.
  \item \textsuperscript{32} See infra Part V.
  \item \textsuperscript{33} See Rowe, supra note 1, at 156–57 (explaining that prior to the enactment of DTSA “the development of civil trade secret law in the United States . . . occurred exclusively under state law and largely in state courts”).
  \item \textsuperscript{34} See David S. Almeling et al., A Statistical Analysis of Trade Secret Litigation in State Courts, 46 GONZ. L. REV. 57, 70 (2010) (noting that state court was often the only venue available for trade secrets litigation).
  \item \textsuperscript{36} See id. §§ 1331, 1367 (providing requirements for federal question and supplemental jurisdiction, respectively); see also id. § 1446 (providing procedural requirements for removal).
  \item \textsuperscript{37} Rowe, supra note 1, at 160.
\end{itemize}
court is located, unless choice of law principles require otherwise for that particular case.  

Since most of the states have adopted the Uniform Trade Secrets Act (UTSA), usually the trade secret law applied would be that from the UTSA. Therefore, this Article will make reference to the remedies and damages provided under the UTSA and will note where significant exceptions may have been carved out in particular states. “Because it was often difficult for trade secret plaintiffs to prove actual damages, the remedies provision of the UTSA attempted to help solve the problem by specifying the types of available remedies, and the conditions under which they will be granted.”

Even though the DTSA is in effect, its development is just beginning, and it does not preempt the long existing and rich state laws that form the trade secret jurisprudence in this country. Indeed, the DTSA is modeled after, and will continue to be heavily influenced by, the interpretations of the UTSA, which has been adopted by almost all the states. Accordingly, trade secret law continues to require an understanding of the UTSA and the common law of trade secrets.

There are two general types of injunctive relief. Preliminary injunctions are issued in the early stages, before a trial on the merits, in order to preserve the status quo from

---

38. See Almeling, supra note 34, at 75 (discussing pre-DTSA choice of law issues in state court trade secret litigation).
39. See Rowe, supra note 1, at 160 (noting most states have adopted the UTSA).
40. In jurisdictions that have not adopted the UTSA—namely New York—available remedies have been developed for trade secret misappropriation. See, e.g., E.J. Brooks Co. v. Cambridge Sec. Seals, 105 N.E.3d 301, 316 (N.Y. 2018) (providing common law misappropriation remedies such as injunctions as well as compensatory and punitive damages). The common law or state statutes must be examined in the states to determine the scope of damages.
41. Rowe, supra note 1, at 160; see also UNIF. TRADE SECRETS ACT §§ 2–5 (UNIF. LAW COMM’N, amended 1985) (listing available remedies).
42. See Rowe, supra note 1, at 160 (stating the DTSA does not preempt state law); see also 18 U.S.C. § 1836(f) (2018) (describing the civil proceedings available for misappropriation of trade secrets).
43. Rowe, supra note 1, at 160.
44. Id.
before the alleged misappropriation. Permanent injunctions are issued after a trial on the merits when the trade secret owner has prevailed on its claim. It is the latter type of injunction that is the focus of this Article.

After a decision on the merits has been reached in a trade secret case, a court may enter a permanent injunction. Permanent injunctive relief is generally an available remedy when a plaintiff in a trade secret case cannot show monetary harm. “In the absence of provable monetary damages (and often in addition thereto), the principal remedy [for trade secret misappropriation] is likely to be permanent injunctive relief.” According to both the UTSA and the DTSA, such relief may be granted to enjoin actual or threatened trade secret misappropriation “on such terms as the court deems reasonable,” including with respect to the length of the injunction.

The UTSA limits the length of permanent injunctive relief to the time period during which the subject information

---

45. See GoTo.Com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1210 (9th Cir. 2000) (defining the “status quo” in the context of granting a preliminary injunction in a trademark infringement case as “refer[ring] not simply to any situation before the filing of the lawsuit, but instead to ‘the last uncontested status which preceded the pending controversy’” (quoting Tanner Motor Livery, Ltd. v. Avis, Inc., 316 F.2d 804, 809 (9th Cir. 1963))).

46. See Amoco Prod. Co. v. Village of Gambell, 480 U.S. 531, 546 n.12 (1987) (explaining that a preliminary injunction “is essentially the same as a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success”).

47. See, e.g., E.I. DuPont de Nemours & Co. v. Kolon Indus., 894 F. Supp. 2d 691, 706 (E.D. Va. 2012), vacated and remanded, 564 F. App’x 710 (4th Cir. 2014) (interpreting the UTSA, as adopted by the state of Virginia, as allowing the court to enter an injunction).


49. Id.

remains a trade secret. Typically, the length of a permanent injunction depends on the facts of the case, and courts will often consider the commercial advantage that a defendant might have gained from misappropriating the trade secret.

Once a plaintiff in a trade secret case proves misappropriation, particularly in a UTSA jurisdiction or in a DTSA case, it may argue that it is “automatically” entitled to injunctive relief because such relief is a statutorily prescribed remedy. Whether this argument will work depends upon the law of the applicable state and how the federal courts interpret and apply the DTSA. There is nothing in the language of the UTSA or DTSA that specifically requires courts to apply “principles of equity,” as was the case with patent law in the eBay case. However, consistent with the common law origins of trade secret law, the grant of permanent injunctive relief is ordinarily subject to principles of equity. Applicable law and the facts of each case will dictate the equitable factors on which courts focus when deciding whether to grant permanent injunctive relief.

Although a request for injunctive relief is central to many trade secret cases, plaintiffs who successfully prove that their trade secrets have been wrongly used or disclosed (as opposed

---

51. See Unif. Trade Secrets Act §2(a) cmt. (“The general principle of Section 2(a) and (b) is that an injunction should last for as long as is necessary, but no longer than is necessary, to eliminate the commercial advantage or 'lead time' with respect to good faith competitors that a person has obtained through misappropriation.”).

52. See, e.g., Gen. Elec. Co. v. Sung, 843 F. Supp. 776, 780 (D. Mass. 1994) (determining the length of an injunction based on the time it would have taken the defendant to independently develop the relevant technology).

53. See, e.g., E.I. DuPont, 894 F. Supp. 2d at 699, 706 (discussing the availability of injunctive relief).

54. See id. (“It is instructive to note that, in cases decided after eBay, several courts have applied state substantive law to determine whether a permanent injunction should issue.”).


56. See, e.g., E.I. DuPont, 894 F. Supp. 2d at 698–700, 701, 706, 710, 716–17 (“[I]t lies within the equity power of the court to command [defendant] to cease or perform acts outside the territorial jurisdiction of the court.”).

57. See id. at 710 (reviewing the facts courts consider when determining the scope of an injunction).
to merely acquired) can also seek an award of monetary relief. The UTSA provides that “actual loss caused by misappropriation and the unjust enrichment that is caused by misappropriation that is not taken into account in computing actual loss” can all be included as a measure for trade secret damages. Accordingly, the trade secret plaintiff may recover both actual losses and the “unjust benefit” caused by the defendant. While compensatory damages can be combined with injunctive relief, the UTSA cautions that “injunctive relief will ordinarily preclude a monetary award for a period in which the injunction is effective.”

A. The UTSA and Injunctive Relief

Section 2(a) of the UTSA provides:

Actual or threatened misappropriation may be enjoined. Upon application to the court, an injunction shall be terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional reasonable period of time in order to eliminate commercial advantage that otherwise would be derived from the misappropriation.

Furthermore, in exceptional circumstances a court may issue an injunction that conditions future use of the trade secret on payment of a reasonable royalty. In addition, a court may also compel affirmative acts, such as requiring the defendant to hand the trade secrets over to the owner.

In terms of duration, the language of Section 2(a) authorizes the party enjoined to apply to terminate an injunction when the trade secret ceases to exist. When the trade secret continues to exist, however, the UTSA does not

---

58. See Unif. Trade Secrets Act § 3(a) (describing the circumstances in which money damages are appropriate for misappropriation).
59. Id.
60. Id. § 3 cmt.
61. Id.
62. Id. § 2(a).
63. Id. § 2(b).
64. Id. § 2(c).
65. Id. § 2(a).
provide for a specific duration. There is, however, a stated preference for courts to express duration. Courts tend to require a showing of irreparable harm (even though this does not appear directly in the language of Section 2(a)) based on general equitable principles. Some courts presume irreparable harm when a trade secret has been misappropriated, while others require that the trade secret owner have affirmative evidence of irreparable harm. When a fact finder has found liability and misappropriation has been proven at trial, a court may be willing to presume that continued misappropriation will cause irreparable harm.

The scope of injunctions vary based on fact-specific circumstances. They could be mandatory (as, for example, mandating that any misappropriated trade secrets be returned) and/or prohibitory (such as barring the use or

66. See Richard F. Dole, Jr., Permanent Injunctive Relief for Trade Secret Misappropriation Without an Express Limit Upon Its Duration, 17 B.U. J. Sci. & Tech. L. 173, 196 (2011) (“With respect to information that remains secret, the Uniform Act does not directly address the duration of injunctive relief.”).

67. See id. at 196–98 (noting the UTSA “explicitly authorizes a defendant to apply to an issuing court to terminate an unlimited injunction”).


69. See FMC Corp. v. Taiwan Tainan Giant Indus. Co., 730 F.2d 61, 63 (2d Cir. 1984) (finding irreparable harm because “[a] trade secret once lost is, of course, lost forever”).

70. See Faiveley Transp. Malmo AB v. Wabtec Corp., 559 F.3d 110, 118 (2d Cir. 2009) (rejecting the proposition that a “presumption of irreparable harm automatically arises upon the determination a trade secret has been misappropriated”).

71. See James Pooley, Trade Secrets § 7.03(1)(a) (Law Journal Press 2010) (1997) (“[O]nce the misappropriation has been proved there is a tendency to presume that future harm will be irreparable.”).

72. This study did not record the terms of the injunctive relief, but it could be an interesting follow-up for further study.
EBAY, PERMANENT INJUNCTIONS, AND TRADE SECRETS

Prohibitory injunctions could themselves range from simple to complex based on the extent to which they restrict the other party. Some may merely prohibit any disclosure of the trade secret, while others may restrict use of the trade secret in such a way that it impedes manufacturing or production of the infringing product. For example, in Mike’s Train House, Inc. v. Lionel L.L.C., Lionel was permanently enjoined from using Mike’s Train House’s existing design drawings to manufacture the specific toy trains they had copied and from producing more wax molds utilizing the stolen drawings. In the more stringent circumstances, injunctions could be seen as anticompetitive.

B. eBay in Published Trade Secret Cases

Since the Supreme Court’s decision in eBay, there seems to have been a shift from a property rule to a liability rule when courts consider the grant of permanent injunctions in patent cases. This has crept into other areas of intellectual property, even though eBay was a patent case. This means that an intellectual property owner does not have an automatic

73. See Elizabeth A. Rowe & Sharon K. Sandeen, Trade Secrecy and International Transactions 116 (2015) (stating permanent injunctive relief must not be overly broad due to the nature of trade secret injunctions).
74. See id. (comparing “use injunctions” to injunctions that “prevent the defendant from enjoying the fruits of the misappropriated trade secrets”).
75. See id. (discussing the varying forms of permanent injunctive relief).
77. Id. at *3–4.
78. See Parrish v. Latham & Watkins, 189 Cal. Rptr. 3d 388, 399 (Cal. Ct. App. 2015), aff’d, 400 P.3d 1 (Cal. 2015) (addressing whether the underlying misappropriation of trade secrets action constituted a malicious prosecution).
79. See Seaman, supra note 11, at 1958 (proposing theoretical literature favors the property rule approach while eBay signifies a shift away from this approach); Ryan T. Holte, Clarity in Remedies for Patent Cases, 26 Geo. Mason L. Rev. 127, 157–58 (2018) (suggesting eBay sparked a debate over whether the property rule approach versus the liability rule approach governs enforcement of intellectual property holders’ rights).
80. See, e.g., Lemley, supra note 13, at 1798 (stating several courts have applied eBay to copyright cases).
right to exclude from its property, even when liability is found. Rather, the courts are urged to evaluate each case based on principles of equity (or the eBay four factors) to decide whether a permanent injunction is warranted. In the trade secret cases, perhaps that shift has not yet occurred as abruptly given that winners tend to receive permanent injunctions, and there does not appear to be much reasoning in the permanent injunction orders. More broadly, though, it might be worth considering whether patent and trade secret cases should be treated equally with respect to permanent injunctive relief. Thus, should the type of intellectual property at issue, or its potential for misuse, influence the standard for awarding a permanent injunction?

There is also the issue of whether eBay is applicable at all in trade secret cases, particularly when the claims are based on state law under the UTSA and not the more recently enacted federal DTSA. Since the decision of whether to grant an injunction is substantive, per the Erie doctrine state law should be applied. Thus, in most trade secret cases, courts should apply state substantive law to decide whether to grant a permanent injunction without the need to apply the eBay

---

81. Reis, supra note 12, at 145.
82. See id. (proposing analysis similar to eBay “by identifying specific incidents of rights within the classification trade secret, whether property or not”).
83. Rowe, supra note 1, at 195.
84. See infra Part III.A.1.
87. See 13 MOORE’S FEDERAL PRACTICE § 65.07(2) (2019)

Under the Erie doctrine, the federal courts must apply the substantive law of the forum state in diversity of citizenship actions. Because the nature of the relief awarded is so obviously intertwined with the substantive law being enforced, the Rules of Decision Act requires that state law controls such issues. Thus, in assessing the merits of a request for injunctive relief in a diversity of citizenship action, federal courts generally will apply state law.
factors. Indeed, an opinion stemming from one of the cases in the initial study held that eBay only applied to federal statutes and not cases under the UTSA.

Many federal appeals cases directly rely on the four factors stated in eBay when assessing permanent injunctions in trade secret misappropriation cases. These factors include (1) whether the moving party will suffer irreparable harm unless the injunction is granted; (2) whether legal remedies will not adequately compensate for that harm; (3) whether the balance of hardships imposed by granting or denying the injunction would favor the moving party; and (4) whether issuance of the injunction will not adversely affect the public interest. In most instances, even if the cases do not directly rely on eBay, the courts generally consider general equitable principles. A district court in Bimbo Bakeries USA, Inc. v. Sycamore used similar factors to determine whether a permanent injunction should be granted: (1) actual success on the merits; (2) irreparable harm unless the injunction is issued; (3) the threatened injury outweighs the harm that the injunction may cause the opposing party; and (4) the injunction, if issued, will not adversely affect the public interest.


90. See infra Part II.B.1.


92. See Rowe & Sandeen, supra note 73, at 115 (stating the UTSA’s language “gives courts discretion to grant injunctive relief and, thus, to consider the equities of each case”).

interest.\textsuperscript{94} In this case, since those factors were met, the court entered the permanent injunction.\textsuperscript{95} Some courts consider fewer than four factors in conducting their analysis, such as adequacy of the legal remedy and irreparable harm\textsuperscript{96} or balance of the hardships and the public interest.\textsuperscript{97}

As a supplement to reviewing the district court cases in the study, I also conducted a review of published federal cases to gauge the extent to which courts appear to be applying eBay to trade secret cases, and which of the four equitable considerations seemed to play a larger role in the injunction analysis. As an initial matter, note that state courts seem to rarely apply eBay when the state’s version of the UTSA provides for injunctions as a form of relief.\textsuperscript{98}

1. Are Federal Courts Applying eBay to Trade Secret Cases?

With respect to trade secret cases in the federal courts, there were a variety of approaches. Some circuits used the eBay factors to determine whether a permanent injunction is proper even if the state’s UTSA allows for permanent injunctions.\textsuperscript{99} For instance, the Second Circuit recognizes that

\begin{itemize}
  \item\textsuperscript{94} Id. at *4.
  \item\textsuperscript{95} Id. at *5–6.
  \item\textsuperscript{96} See, e.g., Tradesman Intern., Inc. v. Black, 724 F.3d 1004, 1012 (7th Cir. 2013) (stating the rule under Ohio law); ClearOne Commc’ns, Inc. v. Bowers, 643 F.3d 735, 753 (10th Cir. 2011) (concluding the plaintiff did not have an adequate remedy at law based on monetary awards alone because the defendant’s continued possession of the trade secret would irreparably harm the plaintiff).
  \item\textsuperscript{97} See, e.g., E.I. Dupont, 894 F. Supp. 2d at 707 (stating the rule under Virginia law); AutoPartSource, LLC v. Bruton, No. 3:13CV54-HEH, 2013 WL 3766524, at *12 (E.D. Va. July 16, 2013) (“Because VUTSA explicitly provides for injunctive relief, [the plaintiff] is not required to demonstrate irreparable harm or the lack of an adequate remedy at law.”).
  \item\textsuperscript{98} See, e.g., Inner-Tite Corp. v. Brozowski, No. 20101056, 2010 WL 3035330, at *20–21 (Mass. Sup. Ct. Apr. 14, 2010) (applying eBay’s factor test). Searches on both Lexis and Westlaw using a combination of search terms including “permanent injunction,” “ebay,” “Mercexchange,” and “trade secret” revealed only this one state trade secret case that cited eBay. In this Massachusetts case, the court did not presume irreparable harm when analyzing whether a permanent injunction is appropriate. Id. at *66–67.
\end{itemize}
the *eBay* analysis can be used to determine whether a permanent injunction is proper, but it does not automatically use the *eBay* factors. The Third Circuit has case law applying *eBay*. The Fourth Circuit uses the *eBay* analysis but does not require a showing of irreparable harm or lack of an adequate remedy as long as the court finds misappropriation of trade secrets. The Tenth Circuit has its
own set of factors that it uses to determine whether a permanent injunction is appropriate.\textsuperscript{103}

\textit{Berry v. Dillon},\textsuperscript{104} from the Ninth Circuit, analyzed permanent injunctive relief under the four factor test from \textit{eBay}.\textsuperscript{105} Because the plaintiff was not able to show a threat of continuing infringement and that monetary damages would not be able to compensate for past injury, the court affirmed the denial of the permanent injunction.\textsuperscript{106} In a Pennsylvania district court case applying four factors under California law,\textsuperscript{107} the court determined that an injunction will only be granted if there is a substantial threat of impending harm, which does not extend to mere possession by the misappropriating party or previous misuse.\textsuperscript{108} In this case, the court only determined there was a substantial threat of impending harm and granted the permanent injunction.\textsuperscript{109}

\textbf{2. Irreparable Harm Plays a Big Role}

Whether applying \textit{eBay} or general equitable principles, which factor seems most influential to the courts? Most of the time it appears to be irreparable harm. In one case the Seventh Circuit upheld denial of the permanent injunction

\begin{flushright}
\textsuperscript{103} See, e.g., Skycam, LLC v. Bennett, No. 09-CV-294-GKF-FHM, 2012 WL 4483610, at *2 (N.D. Okla. Sept. 27, 2012) (requiring a party to prove “(1) actual success on the merits; (2) irreparable harm unless the injunction is issued; (3) the threatened injury outweighs the harm that the injunction may cause the opposing party; and (4) the injunction, if issued, will not adversely affect the public interest”).
\textsuperscript{104} 291 F. App’x 792 (9th Cir. 2008).
\textsuperscript{105} See \textit{id.} at 795–96 (opining the district court’s pre-\textit{eBay} decision is correct under the four-factor test set forth in \textit{eBay}).
\textsuperscript{106} \textit{Id.}
\textsuperscript{108} \textit{Id.} at 431.
\textsuperscript{109} \textit{Id.} at 441.
\end{flushright}
because the plaintiff was not able to establish irreparable harm. This case analyzed permanent injunctive relief under Ohio law and determined that a plaintiff needs to be able to demonstrate both irreparable harm and lack of an adequate legal remedy to be granted permanent injunctive relief.

Similarly, the Sixth Circuit affirmed the denial of a permanent injunction because there was no irreparable harm. A district court case from Massachusetts applying eBay found that monetary damages were adequate to compensate for the injury, and both the public interest and balance of the hardships disfavor the injunction and, thus, the request was denied. In addition, the Tenth Circuit in ClearOne Communications Inc. v. Bowers determined that there was irreparable harm and the award of a permanent injunction would be more beneficial than monetary damages. It thus affirmed the granting of the permanent injunction.

An important question is whether irreparable harm should be presumed in trade secret cases for the purposes of granting a permanent injunction once there has been a finding that trade secrets have been misappropriated. The traditional view has been that irreparable harm should be presumed. However, more recently, and perhaps due to the influence of eBay, some courts are not as willing to accept that

---

110. See Tradesman Int'l, Inc. v. Black, 724 F.3d 1004, 1007–15 (7th Cir. 2013) (asserting the plaintiff who chose not to seek preliminary injunctive relief failed to show irreparable harm because the defendants complied with “almost all of the reasonable terms of their [non-compete agreement]”).

111. See id. at 1012 (analyzing Ohio Supreme Court precedent).


114. 643 F.3d 735 (10th Cir. 2011).

115. Id. at 753–54.

116. See id. at 754 (finding no abuse of discretion).

117. See Allied Erecting, 511 F. App’x at 404–05 (observing that the presumption of irreparable harm rests on the assumption that it is difficult or impossible to measure monetary damages resulting from loss of a trade secret).
presumption as the default.\textsuperscript{118} In particular, and of relevance to this Article, is the influence of monetary relief.\textsuperscript{119} To the extent the presumption of irreparable harm is based on the assumption that the loss of trade secrets is difficult to measure in monetary terms, should a trade secret owner who has been awarded monetary damages also be entitled to a permanent injunction? Some courts find that where a jury has awarded damages, a permanent injunction should not issue,\textsuperscript{120} while others find the two are not mutually exclusive.\textsuperscript{121}

The Federal Circuit in \textit{CardiAQ Valve Technologies, Inc. v. Neovasc Inc.}\textsuperscript{122} upheld the denial of a permanent injunction because the requested injunction would have been duplicative of the monetary relief received by the plaintiff.\textsuperscript{123} In coming to this decision, the district court also considered the uncertainty in the market, the impact the injunction would have on the defendant, and “the public’s interest in having access to a potentially life-saving technology.”\textsuperscript{124}

In \textit{TMRJ Holdings, Inc. v. Inhance Technologies, L.L.C.},\textsuperscript{125} a court of appeals in Texas reviewed whether a trial court erred in awarding both damages and permanent injunctive relief.\textsuperscript{126} The defendant against whom the injunction was entered argued that the two remedies were duplicative, and that awarding both violated the one-satisfaction rule.\textsuperscript{127} The jury awarded “$4 million in reasonable-royalty damages

\textsuperscript{118}. See, e.g., id. at 405 (finding that “[r]egardless of the merits of generally presuming irreparable harm in trade-secrets litigation,” injunctive relief was not warranted when plaintiff had been awarded unjust enrichment damages and “did not request injunctive relief until after the jury rendered its verdict”).

\textsuperscript{119}. See infra Part IV.A.3.

\textsuperscript{120}. See, e.g., \textit{Allied Erecting}, 511 F. App’x at 405 (finding the jury award of unjust enrichment damages adequate).

\textsuperscript{121}. See infra Part III.A; see, e.g., \textit{ClearOne Comm’ns, Inc. v. Bowers}, 643 F.3d 735, 754 (10th Cir. 2011) (concluding the district court did not abuse its discretion by issuing a permanent injunction even where the jury verdict included damages).

\textsuperscript{122}. 708 F. App’x 654 (Fed. Cir. 2017).

\textsuperscript{123}. \textit{Id. at 667–69}.

\textsuperscript{124}. \textit{Id. at 667}.

\textsuperscript{125}. 540 S.W.3d 202 (Tex. App. 2018).

\textsuperscript{126}. \textit{Id. at 204–05}.

\textsuperscript{127}. \textit{Id. at 205}.
and $10,500 in lost profits” to the plaintiff.\textsuperscript{128} The trial court entered judgment on those damages and also granted a permanent injunction.\textsuperscript{129} In reviewing whether the reasonable royalty damages overlapped with the permanent injunction that prohibited future use of the trade secrets, the court reasoned that the reasonable royalty damages did not make the plaintiff whole.\textsuperscript{130} That is because the reasonable royalty damages awarded by the jury “were not based on actual future use of the trade secret” but were meant to compensate “purely for the misappropriation of the technology.”\textsuperscript{131} The present value of the technology was “based in part on potential for future use, regardless of whether or not that use came to fruition.”\textsuperscript{132} In addition, the court found that the evidence at trial showed that the plaintiff “never intended the trade secrets to be commercially available;” thus, they were never intended to be licensed or otherwise used by a third party.\textsuperscript{133} Accordingly, a reasonable royalty would “not fully compensate for misappropriation of a trade secret that the owner seeks to preserve for its exclusive use and would not sell.”\textsuperscript{134} The court further found that although the royalty determination conceivably included future revenue that licensing the trade secrets might have produced, “the trial court reasonably could have concluded that this measure of actual damages did not fully compensate [the plaintiff] absent an injunction because [the plaintiff] never intended that the trade secrets be available in the marketplace.”\textsuperscript{135}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{128} Id. at 204.
\item \textsuperscript{129} Id. at 208.
\item \textsuperscript{130} See id. at 210 (concluding both remedies together were necessary to redress the plaintiff’s injury).
\item \textsuperscript{131} Id.
\item \textsuperscript{132} Id.
\item \textsuperscript{133} Id.
\item \textsuperscript{134} Id.
\item \textsuperscript{135} Id. at 211.
\end{itemize}
\end{footnotesize}
III. Data Collection and Methodology

This Part explains the relevant data collection and methodology for the initial study and this injunction analysis. In order to provide appropriate context to the reader, a brief summary of the techniques and methods used to locate, collect, and code the original dataset is presented first. Next, the connection between the initial study and this qualitative study is introduced, along with the methodology for the evaluation of the cases. In short, this study is a qualitative review of the dockets and relevant case files from the district court cases comprising the initial study.

A. Brief Summary of Data Collection for the Initial Study

Starting in 2015, a significant amount of time was spent designing the initial study on trade secret damages, in part because no single source contained all of the cases necessary for building the data set and because of the thoughtful deliberation regarding the selection of variables. For the purpose of that study, a “trade secret case” was defined as “a case containing either a trade secret claim or counterclaim.” The time period selected for examining verdicts and judgements was January 1, 2000 through December 31, 2014. Therefore, the cases in the study were all decided during this fifteen-year period. Ultimately, the bulk of cases came from jury verdict reports available on Westlaw and Lexis. The first points of review for receiving the information in the coding process were the summary reports in Westlaw and Lexis. From there, using the case docket number, additional information was obtained and verified from the case

136. See infra Part III.A.
137. See infra Part III.B.
138. See Rowe, supra note 1, at 166–68 (describing the initial study’s design).
139. Id. at 166.
140. Id. at 166–67.
141. See id. at 167 n.71 (“The end date of 2014 was selected because it was the most recent year-end prior to the start coding.”).
142. Id. at 168.
pleadings. For instance, jury verdict forms and final orders of judgment were used to verify and complete the information available in the summary reports. The Bloomberg docket searching tool proved especially useful as a resource for locating relevant case information. It also appeared to be the most reliable source.

I decided to focus on cases filed only in federal court, as this appeared to be the most manageable and feasible process for the initial study. Among other reasons, the state courts’ dockets were less standardized, more difficult to search for the relevant variables, and would have required coding over a thousand cases that initially appeared to fit the definition. Ultimately, there were a total of 157 usable cases included in the data set.

B. Methodology for the Injunction Analysis

Among the findings in the initial study was that in twenty percent of cases a permanent injunction was issued post-trial. Moreover, those cases where permanent

---

143. Id.
144. Id.
146. Rowe, supra note 1, at 168.
147. See Risch, supra note 23, at 12 (“When [state court dockets] are available, they are not standardized even within a given state, let alone between states.”).
148. See Rowe, supra note 1, at 167 n.73 (“An initial search of the applicable databases for state and federal cases identified 1,244 potential cases.”).
149. Id. at 167. Cases were filtered for duplicate entries and also for cases that ultimately did not meet the definition of a trade secret case as defined by the study (having a trade secret claim or counterclaim). Id. at 167 n.74. Some cases were also excluded because sufficient information was not available in the public databases or because they were sealed. Id.
150. Id. at 195. Preliminary injunctions (pre-trial) were granted and denied at virtually equal rates—twenty-four percent and twenty-three
injunctions were granted were highly positively correlated with the receipt of monetary damages.\textsuperscript{151} Damages on a trade secret claim were accompanied by a permanent injunction about eighty percent of the time.\textsuperscript{152} This is interesting considering that permanent injunctive relief was intended to be more of an alternative to damages than an add-on.\textsuperscript{153} It suggested that a trade secret owner who prevails on damages is likely to also receive a permanent injunction almost automatically.\textsuperscript{154} Why is that? That is the question that this qualitative study seeks to investigate.

This study therefore focuses on the grant or denial of permanent injunctions in the cases from the initial study where damages were awarded on the trade secret claims.\textsuperscript{155} I was particularly interested in determining whether there were any qualitative patterns that may affect the grant or denial of a permanent injunction, such as the award of monetary relief,\textsuperscript{156} as well as principles either generally or from eBay in issuing or denying injunctions.\textsuperscript{157}

I conducted a qualitative review of the dockets and relevant case files from the district court cases in the initial study.\textsuperscript{158} The pleadings that I typically reviewed in each file, when publicly available through Bloomberg dockets, included Motions for Summary Judgment, Complaints, Motions for

\textsuperscript{151} This may be reflective of the subset of cases that proceed to trial after the grant or denial of a preliminary injunction. \textit{Id.}

\textsuperscript{152} Rowe, supra note 1, at 195. This percentage is even higher (96.6\%) when looking at whether the trade secret owner received damages on any claim as well as a permanent injunction. \textit{Id.} at 195 n.193.

\textsuperscript{153} \textit{Id.} at 195; see also \textit{Id.} at 161 (“Permanent injunctive relief is an available remedy when a plaintiff in a trade secret case cannot show monetary harm, but it is also available in addition to damages.”).

\textsuperscript{154} \textit{See id.} at 196 (suggesting that “a trade secret owner who prevails on damages is likely to also receive a permanent injunction as a penalty” given that damages on a trade secret claim are accompanied by a permanent injunction eighty percent of the time).

\textsuperscript{155} \textit{See id.} at 195–96 (reviewing the relationship between the grant or denial of requests for damages and permanent injunctions).

\textsuperscript{156} \textit{See infra} Part IV.A.3.

\textsuperscript{157} \textit{See infra} Part IV.A.

\textsuperscript{158} \textit{See supra} Part III.A.
Permanent Injunctions, Trial Briefs, Motions to Dismiss, Awards of Damages, Judgments, and Verdicts.

I compiled case files from three categories. The first category was composed of cases where permanent injunctions were awarded along with damages on the trade secret claim.\footnote{159}{See infra Part IV.A.3.} There were twenty-eight cases in this category and there were requests for a permanent injunction in about sixty percent of these cases. The second group of cases were those awarded damages on the trade secret claims but no permanent injunction.\footnote{160}{See infra Part IV.B.} There were eighty-nine cases in this category; of those only about thirty-eight percent appeared to have moved for permanent injunctions. The final group of cases were those awarded permanent injunctions but no damages.\footnote{161}{See infra Part IV.A.3.} There were only five cases in this category. Aside from being a tiny sample, a review of those cases did not lead to any particularly useful information relevant to this Article. As such, I decided to focus the analysis only on the two categories where damages were awarded, with and without permanent injunctions.\footnote{162}{See infra Part IV.}

Using Bloomberg dockets, I obtained the verdict forms, judgments, and orders relating to permanent injunctions where available.\footnote{163}{See supra note 145 and accompanying text.} I then spent several months reading through these court files, from which I then made the qualitative observations below.\footnote{164}{See infra Part IV.} To encourage consistency, I reviewed all of the case files myself and prepared an outline that I used for all of the cases to record my observations. The outline contained questions relating to the following topics: (1) ongoing use of the trade secret, (2) relationship between the parties, (3) status of licensing, (4) type of trade secret, (5) whether the damages covered the injunction period, (6) details from the permanent injunction order, (7) the existence and extent of knowledge about the trade secret, (8) scope of the injunction order, and (9) showing of future or recurrent violations.
Among the limitations encountered was that not all of the records were available or accessible through Bloomberg Dockets. Given that these were trade secret cases, some of the files were sealed or needed to be obtained from the courthouse. Sometimes a pleading was listed in the docket, but the document could not be viewed without a fee. In some cases, I was able to find missing information from alternative sources, such as, for example, if there had been an appeal or other pleadings in the file.

IV. Results and Observations

The following notable observations were made from analyzing the data set which included about 150 trade secret decisions terminating between 2000 to 2014 with damages totaling over $2 billion.\(^\text{165}\) Results are organized below to present cases that were granted permanent injunctions with damages\(^\text{166}\) and those that did not receive permanent injunctions but were awarded damages.\(^\text{167}\) All were successful on their trade secret claims and received damages but most did not receive a permanent injunction.\(^\text{168}\) As an initial matter, a simple explanation for those where permanent injunctions did not enter appears to be that the prevailing party (usually the plaintiff trade secret owner)\(^\text{169}\) did not ask for it.

Overall, the cases reviewed represented a very broad range of trade secrets from a wide range of industries. They also involved a good mix of both technical and business trade secrets.\(^\text{170}\) Trade secret cases are generally between employers and former employees,\(^\text{171}\) but the parties represented various

\(^{165}\) See Rowe, supra note 1, at 169 (describing the data set from the initial 2017 study).

\(^{166}\) See infra Part IV.A.

\(^{167}\) See infra Part IV.B.

\(^{168}\) See supra notes 159–162 and accompanying text.

\(^{169}\) Rowe, supra note 1, at 182.

\(^{170}\) See id. at 185 (providing that fifty-six percent of the analyzed cases involved business information, twenty-seven percent of the cases involved technical information, and sixteen percent of the cases involved allegations of both business and technical information).

\(^{171}\) See id. at 194 (finding that in eighty percent of the analyzed cases, the parties were competitors, which is “consistent with the typical trade
types of employment and business relationships. Another very typical defendant includes competitors or a former employee who left to create a competing enterprise. It appears that most of the cases, however, involved the latter scenario with competitors or joint ventures gone wrong. This also appears consistent with patent cases, where most permanent injunctions go to competitors. There was a fascinating range of trade secrets, from touchscreen overlays that turn regular monitors to touchscreens to specialized lighting for exit signs and emergency lights. Unlike in the patent cases, the type of trade secret or the field/industry did not seem to have much effect on the injunction analysis.

In his study of patent permanent injunctions, Professor Seaman found that “district courts exhibit a technology-specific bias in applying the facially-neutral four-factor test in eBay.” As the following examples reflect, however, that did not appear to be the case in the trade secret cases. For instance, permanent injunctions were granted in all of these cases, among very diverse industries. In the cable tie

---

172. See id. at 194 n.184 (providing that in twenty percent of cases, the parties were not competitors).
173. See id. (explaining that twenty-nine percent of the analyzed cases involved these competitors).
174. See id. at 193–94 (observing that higher damages were awarded when the parties were competitors).
175. See Seaman, supra note 11, at 1990–91 (“Patent holders who competed with an infringer were granted a permanent injunction in the overwhelming majority of cases (84%; 150 of 179 cases), while patentees who were not market competitors rarely succeeded in obtaining injunctive relief (21%; 8 of 39 cases).”).
177. See, e.g., Kehoe Component Sales Inc. v. Best Lighting Prods., Inc., 796 F.3d 576, 580, 583 (6th Cir. 2015).
178. Compare Seaman, supra note 11, at 1953 (finding that permanent injunction grant rates after eBay varied “significantly by field of technology, with injunctions nearly always granted in cases involving patented drugs and biotechnology, but much less often for disputes involving computer software”) with infra notes 179–192 and accompanying text.
179. Seaman, supra note 11, at 204.
industry (injection molding to create plastic cable ties), a former supplier wrongfully copied and disclosed the plaintiff’s trade secrets. The jury found that the defendant acted in bad faith because it continued to use the trade secret after having knowledge of the trade secret misappropriation. In another case involving pointing devices (computer mice) to reduce carpal tunnel syndrome, the plaintiffs met with the defendant to produce devices in Taiwan. Unfortunately for the plaintiff, the defendant started manufacturing the product to compete against the plaintiff. Another foreign distribution agreement went badly for the maker of gummy bear vitamins when its distributor in the United States misappropriated the trade secret.

Similarly, in Mike’s Train House, Inc. v. Lionel, L.L.C., the employee of a subcontractor in Korea who helped design model trains stole the plaintiff’s trade secrets and gave them to the defendants. The plaintiff was awarded about $188,837 in compensatory damages on its misappropriation of trade secret claim.


183. Id. at 105–06.

184. See Second Amended Counterclaim at 17–18, Beijing Tong Ren Tang (USA), Corp. v. TRT USA Corp., No. 5:09-cv-00882 (N.D. Cal. Mar. 29, 2010), ECF No. 111 (alleging that the plaintiff misappropriated trade secrets by using the defendant’s business plans to export its products); Final Amended Judgment at 2–3, Beijing Tong Ren Tang (USA), Corp. v. TRT USA Corp., No. 5:09-cv-00882 (N.D. Cal. Jan. 4, 2012), ECF No. 336 (finding trade secret misappropriation and enjoining plaintiffs from selling or distributing defendant’s products); see also Beijing Tong Ren Tang (USA), Corp. v. TRT USA Corp., No. C-09-00882 RMW, 2011 WL 13143358, at *4 (N.D. Cal. Nov. 23, 2011) (recounting that “[t]he jury found TRT was entitled to recover $188,837 in compensatory damages on its misappropriation of trade secret claim”).

185. 472 F.3d 398 (6th Cir. 2006).

186. Id. at 404.
$40 million dollars against the defendants and a permanent injunction.\(^{187}\)

One very interesting case involved exam questions and answers. In *Excelsior College v. Frye*,\(^ {188}\) the plaintiff owned an exam preparation company and preparation material for the nursing licensure exam.\(^ {189}\) The plaintiff claimed defendants, a nursing school and one of its employees, copied its course content and exams to prepare their students for the exam.\(^ {190}\) One defendant did so by taking exam preparation courses offered by plaintiff and by getting the information from students who had taken the courses.\(^ {191}\) The plaintiff received a permanent injunction.\(^ {192}\)

**A. Cases Receiving Permanent Injunctions**

This Part discusses the group of cases where both permanent injunctions and damages were awarded.\(^ {193}\) In most of the cases where the court granted permanent injunctions, the trade secret owner also received damages.\(^ {194}\) Thus, if *eBay* or *eBay*-like factors were being followed, then one would expect to see permanent injunction orders with discussions of irreparable harm, available legal remedies, balance of the

---

187. *See id.* at 405 (acknowledging the damages awarded and the permanent injunction granted at the district court level before reversing the district court’s injunction and damage award and remanding for a new trial).
189. *Id.* at 228.
190. *Id.*
191. *See Excelsior Coll. v. Frye, No. 04-0535-WQH (LSP), 2005 WL 8158185, at *3 (S.D. Cal. Mar. 8, 2005) (finding that the plaintiff had presented substantial evidence of defendants’ access to plaintiff’s works, including one defendant’s own admission that he “incorporated Excelsior College’s examinations into West Haven BSN Degree Program”).
193. There were twenty-eight cases in this category and there were motions for a permanent injunction in about seventeen of these cases.
194. *See Rowe, supra* note 1, at 196 (noting that a permanent injunction was issued without damages in only five out of twenty-six cases).
hardships, and consideration of the public interest. Indeed, an effect of eBay in patent cases is that patentees must now prove irreparable harm to receive an injunction. However, that was not quite the case with these trade secret cases.

The injunction orders themselves, when they existed, tended to be quite perfunctory, with some being clearer and more precise on the scope than others. Certainly, permanent injunctions appear to have been granted, despite the availability of adequate legal remedies and accompanied by damage awards. In fact, the award of punitive damages (signaling willfulness, bad faith, etc. by the defendant), seemed highly associated with the granting of a permanent injunction. Moreover, unlike in patent cases where heightened awareness of non-practicing entities weighed against permanent injunctions being awarded, with the trade secret cases, almost by default, the party seeking injunctive relief made ongoing use of the trade secret, thus not even necessitating any discussion.

1. Nature of the Injunction Orders

In this group of cases, orders on the motion for permanent injunction were present in about eighty-five percent of the cases. However, one of the most stark trends in these cases was the lack of detailed permanent injunction orders. As a result, there was very little reasoning supporting the grant of

195. See Seaman, supra note 11, at 1992 (explaining that before eBay, “prevailing patentees were presumed to suffer irreparable harm,” but after the Supreme Court decision “patentees must demonstrate irreparable harm before an injunction can issue”).
196. See infra Parts IV.A.1–2.
197. See infra Part IV.A.3.
198. See Seaman, supra note 11, at 1970 (noting that several district courts that had denied permanent injunctive relief to non-practicing patentees cited Justice Kennedy’s concurrence in eBay, which suggested that “patent holders who do not practice their patents generally should not receive an injunction because it would give them ‘undue leverage’ in licensing negotiations”).
199. See infra Part IV.A.5.
200. Of the twenty-eight cases that received both damages and a permanent injunction, twenty-four had an order on the motion for injunction in the dockets.
the orders, nor was there consistent application of the injunction standards or cases like eBay (at least not explicitly). In fact, in a very procedurally unusual case, Marine Turbo Engineering, Ltd. v. Turbocharger Services Worldwide, LLC, the court granted a permanent injunction on summary judgment.

It was not uncommon that a permanent injunction order would issue after a jury verdict, without any reasoning from the court. In some cases, there did not even appear to be an opposition brief filed by the defendant. It appeared that not every motion was accompanied by an opposition from the other side, because only about forty-five percent of such motions appeared in the dockets. Sometimes, the injunction order was quite vague and short: for example, one stated only that defendants are "restrained and enjoined from: [a]ny further misappropriation of plaintiff's trade secrets, including but not limited to hardware and circuitry design schematics, software..."

---

201. See infra Part IV.C. It is also worth noting that Fed. R. Civ. P. 65(d) requires that injunctive orders provide the reasons for issuance as well as the specific terms for each injunction.


203. See id. at *10–11 (granting the plaintiffs' request to enjoin one of the defendants, a former employee of the plaintiffs, from competing against the plaintiffs in the turbocharger industry, but only after the plaintiffs submitted a more specific proposed order that did not ban the defendant from all competition with the plaintiffs); but see Consent Judgment at 4–6, Marine Turbo Eng'g Ltd. v. Turbocharger Servs. Worldwide, LLC, No. 11-60621-CIV (S.D. Fla. Aug. 1, 2012), ECF No. 359 (granting the parties' joint motion for a consent judgment, including stipulated injunctions lasting from one to two years enjoining defendants from doing business in or performing turbocharger repairs in particular locations and for specific clients).

204. See, e.g., Amended Permanent Injunction and Order at 2, Advanced Cable Ties, Inc. v. Bay State Cable Ties, LLC, No. 06-40204-FDS (D. Mass Dec. 7, 2009), ECF No. 382; see also Chetu, Inc. v. Salihu, No. 09-60588-CIV, 2010 WL 1372329, at *1 (S.D. Fla. Apr. 2, 2010) (granting plaintiff's request for a permanent injunction after finding that there was no dispute on the issue).


206. Of the twenty-eight cases with permanent injunctions, thirteen had oppositions to the motions for permanent injunctions filed in the dockets.
code, customer information, sales and pricing information.”

Even after a bench trial, one case had no written opinion on the injunction. Interestingly, in one case that involved both trade secret and patent claims, injunctions were awarded on both claims; the order on the patent infringement claim included a very thorough analysis of eBay’s four prongs, something that was not done on the trade secret order.

Nevertheless, one case, Kendall Holdings, Ltd. v. Eden Cryogenics LLC, stood out with its very detailed injunction opinion in which the court applied the injunction standard. It included an excellent discussion of irreparable harm. The court credited both sides’ arguments with respect to irreparable harm and used their arguments to frame the scope of the injunction. Similarly, in Bridgetree, Inc. v. Red F

212. Id. at 860–69.
213. Id. at 866–69.
214. See id. at 867–69 (determining that while the cryogenics company had established a likelihood of success on its copyright infringement claim against competitor, it would likely fail on its trade secret misappropriation claim, and a temporary restraining order presented the possibility of substantial harm to competitor and would not further the public interest).
Marketing LLC,215 the court explicitly used the eBay framework and issued a detailed injunction order.216 The court ruled that irreparable harm was presumed because the jury found misappropriation.217

Another stand out was Myriad Development, Inc. v. Alltech, Inc.,218 where the court applied the injunction standard and granted a narrower injunction than that sought by the plaintiff.219 The injunction order was detailed and complex: the defendant was enjoined from using features, functions, and source code from the misappropriated software (all listed specifically as separate items).220 The defendant was also ordered to immediately remove the misappropriated features and functions from its systems and advised to not circumvent the order by implementing these features into a third party’s systems.221 Furthermore, counsel for the defendant was to file notice with the court certifying completion of these tasks.222

2. Scope of the Injunctions

The scope of the permanent injunction orders tended to be a mix of broad and narrowly tailored. However, most seemed broad, restricting a wide range of activities. One striking observation was that the length of the injunction was almost

216. Id. at *22–25 (outlining the measures required to comply with the injunction).
217. Id. at *22 (applying North Carolina law).
219. See Permanent Injunction at 4, 8–11, Myriad Dev., Inc. v. Alltech, Inc., No. 1:08-cv-00253-JRN (W.D. Tex. Mar. 28, 2011), ECF No. 517 (concluding that although an injunction was necessary, the injunction sought by plaintiff to prevent defendant from using an entire system that incorporated only some features misappropriated from plaintiff was overly broad).
220. Id. at 12–14.
221. Id. at 14–15.
222. Id. at 17.
never provided. Thus, even though the UTSA prefers an injunction of definite duration, the trend seems to be otherwise. As illustrated below, some injunctions were mandatory and others were prohibitory or both. In some cases, the scope was simple, such as prohibiting disclosure of the trade secret. In other cases, the injunctions were complex, particularly where directed towards the defendants’ manufacturing of products involving the trade secret. In fact, most seemed to be complex. Sometimes there was consideration of allowing competitive participation in the market. There were also instances of requiring transfer of the trade secret from the alleged misappropriator to the trade secret owner.

In some cases, the injunction was very broad and without a time limitation. For example, one court enjoined the defendant from using, disclosing, or employing the trade secret.

---

223. See, e.g., Kehoe Component Sales Inc. v. Best Lighting Prods., Inc., No. 2:10-CV-00789, 2014 WL 12844160, at *48 (S.D. Ohio Mar. 14, 2014) (ordering, without designating a specific timeframe, that plaintiff was permanently enjoined from manufacturing various lighting models and using materials in its advertising that originated with the defendant).

224. See supra notes 65–66 and accompanying text (discussing that while the UTSA does not provide for a specific duration, there is a stated preference for express duration); Unif. Trade Secrets Act § 2(a) cmt. (Unif. Law Comm’n, amended 1985) (stating that injunctions “should last for as long as is necessary, but no longer than is necessary, to eliminate the commercial advantage or ‘lead time’ with respect to good faith competitors that a person has obtained through misappropriation”).

225. See, e.g., Permanent Injunction at 2, Drummond Am. LLC v. Share Corp., No 1:08-cv-00661 (W.D. Tex. Apr. 7, 2010), ECF No. 138 (prohibiting the defendants from disclosing the plaintiff’s trade secrets, among other things).


227. See, e.g., Kendall Holdings, Ltd. v. Eden Cryogenics LLC, No. 2:08-CV-390, 2014 WL 12652324, at *8 (S.D. Ohio Mar. 4, 2014) (“Nothing in this injunction Order prevents Defendants from accessing or utilizing [Plaintiff’s] products through lawful means, including but not limited to reverse engineering.”).

228. See infra notes 240–241 and accompanying text.
secret, and required the defendant to destroy the mold that was made using the trade secret, to provide all copies to the plaintiff, and to delete all the plaintiff’s information.229 There was no time limitation on the length of the injunction.230

In another case where the former employee went to a competitor having signed a noncompetition agreement, the injunction order appeared to be guided by the factors set forth in eBay.231 The court granted a worldwide injunction to prevent the defendant from using, marketing, selling, distributing, modifying, or licensing any presently existing or future derivative versions of the product in question.232 There was no time limitation (thus the damages appeared to cover the period of the injunction).233 This case was reviewed on appeal and the permanent injunction was upheld.234

In another case with a detailed order and no time limitation, the defendant was prohibited from using, disclosing, or offering for sale any informational products containing or derived from the trade secret.235 Furthermore, for ninety days the defendant was barred from selling any product that they created.236 After ninety days, they could sell products that they created in a “clean room” process (the order sets out detailed procedures for a clean room).237 The order also provided for a compliance check: “[F]or a period of two (2) years . . . [the defendants are required to] make available for inspection all computers . . . [and] such inspection shall be

230. Id.
232. Id.
233. Id.
234. Id.
236. Id. at *23.
237. Id. at *23–24.
performed by an independent, third party forensic examiner...  

In *Chetu, Inc. v. Salihu*, the court provided no analysis or time limitation, although the defendant was prohibited from accessing the plaintiff’s computer systems; providing goods or services to certain named clients of the plaintiff; and using, viewing, accessing, reverse engineering, copying, or modifying the trade secrets. The defendant was also ordered to return and destroy the trade secrets.

A two-year limitation was imposed in another case with a broad injunction. The defendant was enjoined from “showing, offering for sale, selling, marketing, manufacturing, distributing, or displaying the Enjoined Products” derived from the computer mouse products that defendant had manufactured for the plaintiff. The defendant was also ordered to recall any orders in transit for any of the enjoined products which were not previously recalled under the preliminary injunction. In addition, it was to recall from all of its distributors all inventory of the products and return to the plaintiff all information, including firmware. A two-year injunction was also entered in *Innovative Solutions v. J2*. The trade secrets included source code, algorithms, and testing...

---

238. Id. at *24.


240. Permanent Injunction at 1–2, Chetu, Inc. v. Salihu, No. 09-cv-60588 (S.D. Fla. Apr. 7, 2010), ECF No. 161 (ordering that defendants were also permanently prohibited from accessing plaintiff’s computer systems).

241. Id. at 2.

242. See Permanent Injunction Order at 1, Contour Design, Inc. v. Chance Mold Steel Co., No. 1:09-cv-00451 (D.N.H. Dec. 29, 2009), ECF No. 229 (describing the misappropriation of trade secrets for different types of computer mice and the necessary drawings and files needed to manufacture them).

243. Id.

244. Id. at 2.

245. See id. (requiring that the defendants had to return all “electronic CAD files, drawings, and related information” that could be used to make the enjoined products).

The court issued a head-start injunction preventing the defendant from using or disclosing all of the six trade secrets specifically listed, and from manufacturing, developing, or selling anything that qualifies as a trade secret or a derivative therefrom for two years.\footnote{248} In an example of a case with a narrow injunction and no time limitation, the defendant was essentially enjoined from “using, revealing, [or] disposing of” the trade secret information.\footnote{249} The entire list of prohibited acts was a mere two lines long.\footnote{250} Incidentally, damages in this case were also relatively low (only $60,000).\footnote{251} Perhaps this reflected the court’s judgment on the overall value of the plaintiff’s trade secret?

There was one case where a very short duration was specified, but this was a stipulated order between the parties. In Drummond American, LLC v. Share Corp.,\footnote{252} a former independent sales agent left to join a competitor.\footnote{253} The case involved business trade secrets such as sales information, customer information, customer lists, and pricing information involving sales of chemicals and hardware (disinfectants, cleaners, and degreasers for floor maintenance).\footnote{254} The length of the injunction was about one to four months.\footnote{255} The
defendants were prohibited from soliciting orders, selling to certain customers, and using or disclosing the trade secrets.256

A stipulated order did not always mean a shorter duration. In I-Flow v. Apex,257 the parties entered into a settlement agreement and consent judgment after the verdict.258 The defendant was retained as a supplier to help develop a pump system for pain management but was secretly developing his own pump to compete with the plaintiff.259 He is alleged to have taken the position under false pretenses.260 The stipulated order enjoined the defendant, for fifteen years, from any and all uses of the trade secret, making or selling any pump that includes a material that incorporates the trade secret, or disclosing the trade secret.261 The defendant was allowed a sell-off period to manufacture and sell a certain number of units after 180 days.262

In a case with a record highest amount of damages ($919.9 million) among those in the dataset, E.I. DuPont v. Kolon,263 the court granted a worldwide injunction of twenty years duration and no geographic limitation.264 This included a production injunction prohibiting the defendant from

256. See id. (concluding that the defendants were enjoined from using any of the plaintiff's confidential resources regarding their customers or potential customers).
258. See Order Granting Joint Motion for Consent Judgment and Permanent Injunction at 1, I-Flow Corp. v. Apex Med. Techs., Inc., No. 3:07-cv-01200 (S.D. Cal. Jun. 29, 2007), ECF No. 503 (recounting that the jury found that the defendants had misappropriated secrets, breached the plaintiff's confidence, and competed unfairly).
259. See id. (explaining that defendants had "manufactured, sold, and/or distributed" the pump system domestically and abroad).
260. See id. (stating that the plaintiff had disclosed "non-trade secrets confidential business and technical information" in confidence).
261. See id. at 2 (ordering that the defendants were also enjoined from using, selling, distributing, or importing the infringing products of the plaintiff's patents for the remainder of the patent's term).
262. See id. at 3 (determining that the defendants could sell no more than 3000 units in the United States for ninety days).
264. See id. at 695 (discussing defendants retaining former DuPont employees and paying them to divulge trade secrets for the fiber Kevlar).
manufacturing, using, marketing, or selling the trade secrets, and the defendant was also broadly enjoined from processing, publishing, disclosing, or using, in any form, the 149 trade secrets which were misappropriated. The defendants were also ordered to allow a forensic expert to confirm that the trade secrets were removed from their network.

3. Monetary Relief and Punitive Damages

General equitable principles, including those in eBay, call for consideration of whether the party seeking a permanent injunction has available remedies at law. The general view is that if monetary damages are enough to make the plaintiff trade secret owner whole, then the equitable relief from an injunction is not necessary. A property view espouses more of an all-or-nothing standard whereby upon proving liability, the trade secret owner receives (almost automatically) damages and a permanent injunction. Similarly, this was the state of things in patent law prior to eBay. A review of the trade secret cases here confirms that this traditional property view continues to hold for trade secret litigation. Most of the time, there was an overlap between the grant of a permanent injunction and the receipt of damages.

Indeed, while the purpose of an injunction is to prevent future violations (i.e. future misappropriation of the trade

265. See id. (including that the defendant was also required to return all purloined trade secrets).
266. Id.
267. See eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006) (explaining that no adequate remedies at law is one of four factors considered when determining whether to award a permanent injunction).
268. See id. (stating the plaintiff must demonstrate that damages "are inadequate to compensate for [their] injury").
269. See In re Etter, 756 F.2d 852, 859 (Fed. Cir. 1985) ("The essence of all property is the right to exclude, and the patent property right is certainly not inconsequential.").
270. See W.L. Gore & Assocs., Inc. v. Garlock, Inc., 842 F.2d 1275, 1281 (Fed. Cir. 1988) (stating that "an injunction should issue once infringement has been established unless there is sufficient reason for denying it").
271. See infra notes 277–295 and accompanying text.
272. See infra notes 277–295 and accompanying text.
secrets), this consideration did not appear explicitly as part of the reasoning for denying or granting the injunctions. Rather, what seems to most influence the grant of an injunction, or at least appear most frequently along with the grant of an injunction (or denial), seems to be whether there was a finding of willfulness, bad faith, or an award of punitive damages. In fact, most of the time, a prevailing party who received punitive damages also received an injunction. This is consistent with patent cases, where willful infringement was correlated with the grant of injunctions post eBay. For example, in Aspen v. Tekin Hunt, the plaintiff received $2 million in actual damages, $2.8 million in lost profits, and $1 million in punitive damages as well as a worldwide injunction (of unlimited duration) against the defendant. In another case, the defendant was also subject to a broad injunction, and the damages appeared to cover the injunction period where a court awarded an injunction along with $693,588 in damages plus over $1 million in punitive damages against the defendants. Even higher punitive damages of $7.5 million were ordered against a defendant in

---

273. See, e.g., infra notes 277–284 and accompanying text.
274. See, e.g., infra notes 277–284 and accompanying text.
275. See Seaman, supra note 11, at 1953 (writing that other factors for granting injunctions included “the patentee’s willingness to license the patented technology” and “whether the patented technology covers only a small component of the infringing product”).
277. See Second Amended Final Judgment and Permanent Injunction at 1, Aspen Tech., Inc. v. Kunt, No. 4:10-cv-01127 (S.D. Tex. Apr. 7, 2010), ECF No. 759 (determining that the total recovery from the defendant was $10,800,000 in damages).
278. See Excelsior Coll. v. Frye, No. 04CV0535WQH, 2007 WL 672517, at *1 (S.D. Cal. Feb. 21, 2007) (discussing how the jury found for the plaintiffs on their claims of copyright infringement and trade secret misappropriation).
another case, yet a permanent injunction was entered at the agreement of the parties.

In one case where the trade secrets were related to the manufacturing of artificial stone, the plaintiff received $2.5 million in damages. The defendant was also enjoined from manufacturing, distributing, marketing, or selling any products created from the trade secrets. In addition, the court ordered the defendant to destroy products containing the trade secret. The defendant argued that the order to destroy products was double dipping, since the plaintiff recovered damages (lost profits) on those products, which must now also be destroyed, and thus should not count as lost sales. The argument was to no avail.

279. See Order at 2, Drummond Am., L.L.C. v. Share Corp., No. 1:08-cv-00661-RP (W.D. Tex. June 30, 2010), ECF No. 161 (recalling that the jury found that defendants had acted with malice and awarded punitive damages to the other defendants). The jury also awarded $241,000 in compensatory damages on the trade secret claim against that defendant. Id.

280. See Permanent Injunction at 1, Drummond Am., L.L.C. v. Share Corp., No. 1:08-cv-00661-RP (W.D. Tex. Apr. 7, 2010), ECF No. 138 (remarking that defendants were enjoined from soliciting orders from plaintiff’s customers).

281. See Final Judgment at 3, Eldorado Stone LLC v. Renaissance Stone, No. 3:04-cv-02562-JM-CAB (S.D. Cal. Sept. 27, 2007), ECF No. 413 (noting that the court denied the defendant’s motion for new trial conditioned upon plaintiff’s acceptance of a remittitur on compensatory damages to approximately $2.5 million).

282. See id. at 9–10 (determining that defendants could not use the plaintiff’s trade secrets including color formulas, techniques, or processes).

283. See id. at 10 (requiring that the defendants destroy “all indicia of color formulas, production formulas and color application processes”).

284. See Defendants’ Amended Opposition to Plaintiffs’ Application for Permanent Injunction at 3, Eldorado Stone LLC v. Renaissance Stone, No. 3:04-cv-02562 (S.D. Cal. Apr. 24, 2007), ECF No. 321 (“Plaintiffs are seeking to destroy products that were sold but they previously recovered damages for these sales.”).

One case that appeared to be an exception to this general pattern was *Myriad v. Alltech*. In this case, the damages did not appear to cover the injunction period. The plaintiff received $250,000 in reasonable royalties in compensation for the amount of a license, not future use of the trade secret. The court applied the equitable injunction standard and granted a narrower injunction than that sought by plaintiff.

On the question of punitive damages, a very interesting case was *Molly Strong v. Deckers Outdoor*, which involved the design of boots. The jury awarded $2 million in compensatory damages to the plaintiff, but found no willfulness. As a result, the trial court refused to award punitive damages. On appeal, however, the appeals court ruled that a court can award punitive damages even if the

---


288. See id. at 35–44 (discussing the sufficiency of the evidence for the determination of the reasonable royalty award based on the jury’s findings).


290. Yeti by Molly, Ltd. v. Deckers Outdoor Corp., 259 F.3d 1101, 1104 (9th Cir. 2001).

291. See id. at 1104 (stating that the plaintiff was appealing the district court’s refusal to award exemplary damages and attorney’s fees).

292. See id. at 1111 (stating that the district court did not award punitive damages because the jury did not find that defendants acted “with actual fraud and/or malice”).

293. For another case with a detailed discussion of exemplary damages, see Storagecraft Tech. Corp. v. Kirby, No. 2:08-cv-00921, 2012 WL 4467519, at *9 (D. Utah Sept. 27, 2012) (awarding plaintiff $2.92 million dollars in damages and $1.46 million in punitive damages; plaintiff did not make a request for an injunction).
Subsequently, on remand, the trial court awarded $2.45 million in punitive damages.

4. Trade Secrets with a Side of Patents

Several of the cases involved both patent and trade secret claims. Of those, most were related to medical device patents. It is interesting to see how the analysis of the interplay between damages and permanent injunctive relief in those cases seemed more nuanced. Arguably, this may be because the court (or the attorneys’ briefs) engaged in a more patent-like approach to the injunction arguments. It may also be that the presence of a patent claim positively influences the award of a permanent injunction on a trade secret claim. The initial study revealed that permanent injunctions were issued after trial twenty percent of the time during the fifteen-year period studied, from 2000 to 2014. This rate compares to a 72.5% grant rate for permanent injunctions in patent cases (from 2006 to 2013).

Retractable Tech v. Occupational & Medical Innovations included both a patent infringement and a trade secret misappropriation claim involving medical syringes. The jury awarded plaintiff $1.5 million on the patent claims and $2.2 million in trade secret damages. While the permanent injunction order indicated that the injunction was issued on both the trade secret and patent claims, the permanent injunction itself did not mention the trade secrets (the

294. See Yeti by Molly, 259 F.3d at 1112 (reversing the district court’s refusal to award punitive damages and remanding for the district court to determine whether the defendant’s misappropriation was “willful and malicious”).


296. See Rowe, supra note 1, at 195 (comparing this to the rates that preliminary injunctions were granted or denied).


299. Id. at *1.

300. Id.
defendant was enjoined from infringing the patent).\textsuperscript{301} Furthermore, the court applied eBay on the patent injunction analysis and acknowledged that the injunction would cover some of the damages period.\textsuperscript{302} The court requested that the defendant file a motion for a credit for the overlap, but such a motion did not appear in the court file.\textsuperscript{303}

In another medical device case, \textit{Ichor Medical Systems, Inc. v. Walters},\textsuperscript{304} the parties were working together and the defendant signed a nondisclosure agreement.\textsuperscript{305} The trade secrets included a method of creating electrical fields around tumor cells.\textsuperscript{306} However, the defendant later filed patent applications on the plaintiff’s invention.\textsuperscript{307} The jury awarded $13.5 million in compensatory damages and $100,000 in punitive damages against the defendant.\textsuperscript{308} The plaintiff did not seek future damages, but sought damages only up to the date of trial.\textsuperscript{309} The plaintiff reserved the right to seek an equitable assignment in lieu of future damages, and the court ordered equitable assignment of the defendant’s patent to the plaintiff.\textsuperscript{310} There did not appear to be a request for permanent injunction.\textsuperscript{311}

\begin{flushright}
\textsuperscript{301} See \textit{id.} at *4 (showing that the plaintiff moved to enjoin the defendant “from making, using, importing, selling, and/or offering to sell [the plaintiff’s] syringes in the United States”).
\end{flushright}

\begin{flushright}
\textsuperscript{302} See \textit{id.} at *4–6 (reasoning that monetary damages would be inadequate because the defendant was bankrupt).
\end{flushright}

\begin{flushright}
\textsuperscript{303} See \textit{id.} at *6 (discussing the defendant’s argument that the plaintiff could not obtain an injunction on the syringes because it was seeking damages).
\end{flushright}

\begin{flushright}
\end{flushright}

\begin{flushright}
\end{flushright}

\begin{flushright}
\end{flushright}

\begin{flushright}
\textsuperscript{307} \textit{Id.} at 4.
\end{flushright}

\begin{flushright}
\end{flushright}

\begin{flushright}
\end{flushright}

\begin{flushright}
A similar story occurred between the parties in Russo v. Ballard Medical Products. The plaintiff was an independent inventor and was in negotiations with the defendant. The defendant allegedly stole the design and obtained two patents on the invention. The jury found for the plaintiff and awarded $20 million in damages. The jury also found that the conduct was willful, but the court did not award punitive damages because “the court does not find a public objective would be served by awarding exemplary damages.” There does not appear to have been a request for an injunction.

Finally, a medical device case related to MRI machines, LBDS Holding Co. v. ISOL Technology Inc. is instructive, not so much on injunctions, but in serving as a word of caution in trade secret litigation. The plaintiff entered into a technology service agreement for the defendants to retrofit MRI machines with the plaintiff’s software. However, the defendant ended up retrofitting the plaintiff’s competitors’ machines. The jury found against the defendant and

“assignment of the patent to the aggrieved party is an appropriate remedy and the only means of returning the trade secret to its rightful owner”).


312. 550 F.3d 1004 (10th Cir. 2008).

313. See id. at 1007–08 (discussing how the plaintiff was retained by the defendant as a consultant for the purposes of improving the defendant’s design for a medical device).

314. See id. at 1008 (explaining how the defendant used the plaintiff’s prototypes and drawings to obtain the patents).

315. See id. at 1009 (noting that the jury awarded $17 million for the misappropriation claim and $3 million for the breach of contract claim).


317. See id. at *6 (granting the plaintiff’s motion for prejudgment interest, exemplary damages, and attorneys’ fees).


319. Id. at *4.

320. Id. at *1.
awarded $760,693 with no exemplary damages.\textsuperscript{321} However, the court later learned that the plaintiff had used forged and fake documents during the trial as evidence for its damages.\textsuperscript{322} Therefore, the court reversed the jury verdict, dismissed the case with prejudice and ordered the plaintiff to pay the defendant’s attorney fees.\textsuperscript{323}

5. Ongoing Use of the Trade Secret in Business

Ongoing use of the trade secret by the parties could be folded into balancing of the harms between the moving and opposing parties if the injunction were to enter. Thus, in patent cases, the fact that a plaintiff is a non-practicing entity tends to suggest that it will be less harmed without a permanent injunction compared to a plaintiff that is making continuing use of the patent in its business.\textsuperscript{324} Overall, this factor did not seem to have mattered much in these cases. There tended to be ongoing use in virtually all of the cases, in contrast to the high number of non-practicing entities in the patent cases.\textsuperscript{325} Actually, the plaintiff or trade secret owner’s continuing use in its business was present in every case reviewed. With respect to the defendant, however, the extent or amount of its use of the trade secret was generally not discussed. Relatedly, discussions of the extent to which the trade secret was used, whether it was a small component or a large component of a product created or derived from the misappropriated trade secret, was not generally part of the injunction orders.

In Devon Energy Corp. v. Westacott,\textsuperscript{326} the plaintiff energy company hired the defendant to conduct analysis of


\textsuperscript{322} LBDS Holding Co., 2015 WL 12765990, at *4.

\textsuperscript{323} Id. at *5.

\textsuperscript{324} See Seaman, supra note 11, at 1953 (noting that “district courts appear to have adopted a de facto rule against injunctive relief” for entities “who do not directly compete in a product market against an infringer”).

\textsuperscript{325} Id. at 1953, 1981 (noting that patent owners such as non-practicing entities received, disproportionally, injunctive relief from courts due to a lack of proof of irreparable harm).

hydrocarbon reserves. The defendant resigned after working for only six months, and since he allegedly destroyed the trade secret prior to leaving, it would have had to be re-created. Thus, he was not alleged to have been making ongoing use of the trade secret in his business. In Mike’s Train House, however, where both parties would continue to manufacture a similar product, the defendant was enjoined from using the plaintiff’s existing design drawings to manufacture engines, but was not enjoined from manufacturing future engines that were created from independent means.

B. Damages Without Permanent Injunctions

In those cases where the prevailing trade secret owner was awarded damages but no permanent injunction entered, it was difficult to glean any meaningful patterns. Either there was no written opinion, or in many cases the prevailing trade secret owner simply did not move for a permanent injunction. I did not seem to come across cases where the injunction was denied because the trade secret no longer existed. Nor was the ongoing value of the trade secret of consequence. Whether the defendants continued to use the trade secret after knowledge or notice of their

327. Id. at *1.
328. Id. at *1–2.
329. See id. at *6–7 (deciding that deleting data did not constitute “use”).
331. There were eighty-nine cases in this category; of those only about thirty-eight percent appeared to have had permanent injunction requests. See supra Part III.B.
332. See, e.g., Inflatable Tech. Corp. v. Cox, No. 3:00-cv-00145-RV (N.D. Fla. Apr. 10, 2000). Orders on the motion for permanent injunction were present in about twenty-nine percent of the cases, compared to eighty-five percent in the group of cases awarding both permanent injunctions and damages. See supra Part III.A.
333. See supra note 331 and accompanying text.
334. Cf. UNIF. TRADE SECRETS ACT § 2(a) (UNIF. LAW COMM’N, amended 1985) (requiring a court to terminate an injunction when the trade secret at issue ceases to exist).
misappropriation was discussed in some cases, and this fact tended toward granting the injunction. The presence of bad faith, when there was such a finding by the jury, certainly seemed to have highly influenced the grant of an injunction.

In one notable case, Bianco v. Globus Medical, Inc., the court chose an alternative equitable remedy rather than a permanent injunction. There were several thorough opinions in this medical device case relating to trade secrets in spinal implants. Of note procedurally is that the court denied the motion for a permanent injunction, but in a procedure under Paice LLC v. Toyota Motor Corp. granted the request to pay ongoing royalties in lieu of an injunction. It awarded five percent of net sales on future sales. This was consistent with a rate awarded by the jury for past damages. The court considered the grant of the ongoing royalty part of an equitable proceeding.

335. See supra notes 174–181 and accompanying text.
336. See, e.g., supra notes 180–181 and accompanying text.
337. See supra Part IV.A.
338. 53 F. Supp. 3d 929, 931 (E.D. Tex. 2014), aff’d, 618 F. App’x 1032, 1033 (Fed. Cir. 2015).
339. See id. at 932 (awarding Bianco an ongoing royalty—in lieu of an injunction—on Globus Medical, Inc.’s future sales).
341. 504 F.3d 1293, 1315–16 (Fed. Cir. 2007) (affirming the trial court’s discretion to award “an ongoing royalty for patent infringement in lieu of an injunction” but suggesting the trial court should provide reasoning to support such discretion).
343. Id.
344. Id. at 943 (finding that the five percent ongoing royalty rate of net sales on future sales equals the amount determined by the jury for past damages).
345. Id. at 934 (determining that “award of an ongoing royalty is a form of equitable relief”).
In many of the cases where permanent injunctions were not awarded to trade secret owners, it appears to have been because they were not requested. Motions were filed for permanent injunction in only thirty-eight percent of these cases.\textsuperscript{346} Incidentally, this is consistent with the finding from the initial study that requests for preliminary injunctions were not filed fifty-three percent of the time.\textsuperscript{347} Thus, even where there was a finding of liability against the defendant, and the defendant was ordered to pay damages, the plaintiff did not request a permanent injunction.\textsuperscript{348} It would be interesting to know why that was the case and what considerations led to the decisions not to seek an injunction.\textsuperscript{349} In one case, the plaintiff seemed to make the decision while the jury was still out. In \textit{Member Services, Inc. v. Security Mutual Life Insurance Co. of New York},\textsuperscript{350} the plaintiff withdrew its motion for a permanent injunction while the jury was deliberating.\textsuperscript{351} The jury ended up awarding $16 million in reasonable royalties and $10 million in punitive damages.\textsuperscript{352}

Some exemplar circumstances in this group of cases are provided below from which the reader may wish to speculate about the decision not to seek an injunction. Could it be

\begin{footnotesize}
\begin{itemize}
\item[346.] Written oppositions to the motions for permanent injunctions in those cases were filed in about twenty-five percent of the cases.
\item[347.] Rowe, \textit{supra} note 1, at 195 n.189.
\item[348.] When I could not find a motion or request for an injunction anywhere in the docket, I categorized the case as one where a request was not made. However, it is possible that in some of these cases, requests may have been made but are somehow not indicated on the docket.
\item[349.] Further research might consider, for instance, whether lawyering skills or familiarity with trade secret litigation, litigation strategy, funding structures, misunderstanding of trade secret law, perceived value of the trade secrets, or client preferences may play a role in the decision not to request an injunction.
\item[350.] No. 3:06-CV-1164 (TJM/DEP), 2009 WL 2383980 (N.D.N.Y. July 30, 2009).
\item[351.] See Minute Entry, Member Servs., Inc. v. Sec. Mut. Life Ins. of N.Y., No. 3:06-CV-1164-DEP (N.D.N.Y. Oct. 13, 2011) (“Outside the presence of the jury, plaintiffs’ counsel withdraws claim for injunctive relief.”).
\item[352.] Jury Verdict Form at 3, Member Servs., Inc. v. Sec. Mut. Life Ins. of N.Y., No. 3:06-CV-1164 (N.D.N.Y. Oct. 13, 2011), ECF No. 397; see also Minute Entry, \textit{supra} note 351 (describing proceedings).
\end{itemize}
\end{footnotesize}
An assessment of the likelihood that an injunction would be awarded in light of the amount or type of damages awarded? Whether there was a finding of willfulness or award of punitive damages? Who the parties are and whether it is a David versus Goliath story? Whether the plaintiff initially received a preliminary injunction?

In one case, the jury awarded $1.6 million to the plaintiff but the judge reduced it to $46,588; perhaps that dissuaded the plaintiff from requesting an injunction? In another, a plaintiff initially was denied a preliminary injunction yet ended up receiving a $17.9 million jury award on its trade secret claim. An inventor in the oil and gas industry was awarded $600,000 in compensatory damages and $7.5 million in punitive damages, but did not request an injunction.

Other cases had even higher compensatory awards yet still did not request permanent injunctions, such as cases with $15 million, and $21.3 million in reasonable royalties and $10 million in punitive damages. In Techforward Inc. v. Best

353. Interestingly, in the cases where no damages were awarded, motions for permanent injunction were made only ten percent of the time. This could be because there was likely no finding of liability in most of these cases and thus a recognition that a motion for a permanent injunction may be futile. See supra notes 146–149 and accompanying text.

354. See supra Part IV.A.3.

355. See Rowe, supra note 1, at 195 (finding preliminary injunctions were granted in twenty-four percent of the cases which awarded damages).


360. Jury Verdict at 2, Hallmark Cards, Inc. v. Monitor Clipper Partners, LLC, No. 4:08-CV-00840 (W.D. Mo. Nov. 12, 2008), ECF No. 527, aff’d, 758 F.3d 1051 (8th Cir. 2014).
Buy Co., the jury awarded $22 million in damages and $5 million in punitive damages against defendant Best Buy. In another case against a well-known defendant, Design Innovations Inc. v. Fisher-Price Inc., involving the misappropriation of a concept for new toys, the jury awarded $1.7 million to the plaintiff, but there was no finding of willfulness or an award of punitive damages.

Similarly, injunctions were not requested in some cases with awards under $1 million. In West Coast Nets Inc. v. Fitec International Inc., the parties were negotiating toward a partnership. They terminated and then the defendant allegedly stole the idea related to the design and method of constructing fishing nets. The jury found for the plaintiff and awarded $780,000, but there was no request for an injunction.

In a case in the real estate industry, the plaintiff won on its trade secret claim and was awarded $225,000 in damages, but lost on its other counts. It did not file for an injunction. In another under-a-million-dollar award case, the plaintiff received $312,192, and there was a finding of no willfulness.

363. 450 F. Supp. 2d 175 (D. Conn. 2006).
364. Verdict and Settlement Summary, Design Innovations Inc. v. Fisher-Price, Inc., No. 3:03-cv-222-JBA, 2006 WL 1719592 (D. Conn. Feb. 6, 2006) (awarding the plaintiff royalties resulting from the product sales but concluding that it was not entitled to punitive damages).
369. Id.
371. 508 F.3d 277 (5th Cir. 2007).
involving a class action settlement business, compensatory damages were $200,000 and so were the punitive damages.\textsuperscript{372}

\textbf{C. Note on Irreparable Harm}

There was very little discussion of hardships and the public interest in the injunction orders. Instead, among the permanent injunction equitable factors, irreparable harm seemed the most significant in terms of tipping the scale toward grant or denial. This was consistent with what appears in the published cases.\textsuperscript{373} Some of the cases adopted the view that irreparable harm was presumed.\textsuperscript{374} One case that articulated the traditional view in trade secrecy is \textit{E.I. DuPont de Nemours & Co. v. Kolon Industries, Inc.}\textsuperscript{375} In that case, the defendant hired several former employees as consultants to use a process for producing paramid fiber products that DuPont sells under the Kevlar brand name.\textsuperscript{376} The plaintiff argued that it was entitled to a permanent injunction simply because the defendant was found to have violated the statute that provides for injunctive relief, namely, the Virginia UTSA.\textsuperscript{377} The court agreed.\textsuperscript{378}

Another case with an excellent discussion of irreparable harm is \textit{Kendall Holdings, Ltd. v. Eden Cryogenics LLC}.\textsuperscript{379} The defendant in that case used to work for the plaintiff and left to

\begin{itemize}
\item \textsuperscript{372} Id. at 282.
\item \textsuperscript{373} See supra Part II.B.2.
\item \textsuperscript{374} Bridgetree, Inc. v. Red F Mktg. LLC, No. 3:10-CV-00228-FDW-DSC, 2013 WL 443698, at *22 (W.D.N.C. Feb. 5, 2013) (finding irreparable harm presumed once there has been a finding of misappropriation).
\item \textsuperscript{375} 894 F. Supp. 2d 691, 697–98, 704 (E.D. Va. 2012) (following state law to conclude that the plaintiff did not have to prove irreparable harm once it demonstrated that the defendant violated the state statute that authorized injunctive relief, vacated and remanded, 564 F. App’x 710 (4th Cir. 2014), cert. denied, 574 U.S. 987 (2014).
\item \textsuperscript{376} Id. at 695 (describing the employment of DuPont’s former employees with the purpose of acquiring DuPont’s trade secrets).
\item \textsuperscript{377} Id. at 697–99 (citing case law to contend that Virginia law rather than the traditional four-factor test establishes the standard for deciding whether to issue a permanent injunction).
\item \textsuperscript{378} Id. at 706 (applying the state law principles to the permanent injunction request in order to avoid violating \textit{Erie}).
\item \textsuperscript{379} No. 2:08-cv-390, 2014 WL 12652324, at *1–2 (S.D. Ohio Mar. 4, 2014) (analyzing both parties’ views of irreparable harm).
\end{itemize}
EBAY, PERMANENT INJUNCTIONS, AND TRADE SECRETS

605

compete.380 The case contained a detailed opinion on the request for a permanent injunction.381 It included an excellent discussion of irreparable harm.382 The court credited both sides’ arguments and used them to frame the scope of the injunction.383 The injunction was narrowly tailored to prevent the defendant from accessing, referencing, and using any shop drawings, or manufacturing, fabricating, producing any part or product using the trade secrets.384 Yet the court was mindful of allowing competitive participation in the market.385 There was also a good discussion of punitive damages in the opinion.386 The court found future harm to the plaintiff even though the court split on the irreparable harm presumption (which went to limit the scope of the injunction).387

What was particularly interesting about this case procedurally was that the court initially found for the defendants, on summary judgment, that there was no misappropriation.388 The plaintiff appealed the decision and the appeals court reversed.389 The case then went to trial. At trial, the jury found for the plaintiff including a finding of willful infringement.390 The jury awarded damages in the amount of $1,047,000 against all the defendants and $250,000 in punitive damages against the first two defendants.391

380. Id. at *1–2.
381. Id. at *3–11.
382. Id. at *5–6.
383. Id. at *6.
384. Id. at *9–11.
385. Id. at *6–7.
386. Id. at *11–15.
387. Id. at *6.
There appeared to be more consideration of irreparable harm when the injunction was denied rather than granted. In a case where the permanent injunction was denied in a written opinion, *Allied Erecting & Dismantling Co. v. Genesis Equipment & Manufacturing, Inc.*, the reason for the denial was the plaintiff’s inability to prove irreparable harm. Interestingly, the court noted that because the plaintiff did not move for a preliminary injunction earlier in the case, this was evidence that weighed against a finding of irreparable harm.

Finally, *O2 Micro International Ltd. v. Monolithic Power Systems, Inc.* involved both patent and trade secret claims and the lack of irreparable harm in part influenced denial of the permanent injunction. The jury found misappropriation and that it was willful. It awarded $12 million in unjust enrichment damages. The judge reduced this amount to $900,000 and denied the injunction in a lengthy opinion (which was a rarity in this sample). The plaintiff had requested a lead time injunction, use injunction, and production injunction. The court reasoned that there would be no production injunction because the trade secrets were not inextricably connected to the manufacturing of the defendant’s product. It denied the use injunction because the information was no longer secret and had been disclosed.

---

393. *Id.* at *3.
394. *Id.* at *2.
395. 399 F. Supp. 2d 1064 (N.D. Cal. 2006), aff’d, 221 F. App’x 996 (Fed. Cir. 2007).
396. *See id.* at 1069–70 (concluding that the plaintiff did not suffer significant harm due to the defendant’s misappropriation).
397. *Id.* at 1069.
398. *Id.*
399. *Id.* at 1069–70, 1078.
400. *Id.* at 1069.
401. *Id.* at 1069–70.
402. *Id.* at 1070.
V. Conclusion

This Article empirically analyzed the actual application and use of equitable principles that guide the issuance of permanent injunctions in trade secret cases. In particular, attention was paid to whether eBay had influenced these cases, expanding its reach from patent law to trade secrecy. Overall, the study results were mixed. General equitable principles are usually applied in the cases from the dataset, as well as in the published cases. However, the courts do not appear to be strictly applying the four factors from eBay.

One observation from the group of cases where prevailing trade secret owners were awarded both damages and permanent injunctions suggests that the property view of trade secrets has not been abandoned and that trade secret owners who are awarded damages are also very likely to also receive permanent injunctions. It further suggests that the award of monetary relief does not preclude equitable injunctive relief and that a court could find irreparable harm even where the loss has been compensated monetarily. A further observation is that the injunction orders in these district court cases were generally not very thorough, and contrary to the UTSA's expressed preference, did not contain a definite duration for the injunctions. Willfulness findings and punitive damages were often present in the cases that received permanent injunctions. In the group of cases where the prevailing trade secret owner received damages but not a permanent injunction, it appears to simply have been in most of the cases, that they did not ask. However, where injunctions were requested but denied, the lack of irreparable harm seemed to have been the factor most often articulated as the reason for the denial.

Going forward, as trade secret litigation continues to increase in federal courts, the findings from this study can provide insights to scholars, practitioners, and the judiciary. It is helpful, for instance, to see that while eBay is being applied in some of the federal cases, there has not been an abrupt shift away from the application of general equitable principles or effective abandonment of the presumption of irreparable harm, as in the patent cases. Thus, the property view of trade secrecy has not been replaced by a liability view when it comes to
assessing permanent injunctions. Nevertheless, the results do point to the fact that overall, courts are granting permanent injunctions sparingly in trade secret cases (perhaps as it should be), but prevailing parties should consider being less reticent in moving for permanent injunctions, even when they have been awarded monetary relief.