BIG VERDICTS, LIMITED DISCOVERY: THE RISING IMPORTANCE OF TRADE SECRETS IN ALABAMA

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I. INTRODUCTION

Trade secrets are often forgotten about by businesses and litigants alike. In Alabama, this inattention to trade secrets stems in part from the relatively short history of trade secrets.[3] Trade secrets, however, can be powerful tools for protecting valuable intellectual property. Nationally, the incidence of trade secret theft has increased in recent years.[4] Correspondingly, cases involving trade secrets have produced a number of large verdicts. In fact, since 2011, two trade secret cases alone have accounted for verdicts exceeding $3 billion.[5] Even Alabama has not been immune to these large verdicts; a Mobile County jury returned a $192 million verdict in *Mannsfeld v. Ineos Phenol GmbH & Co. KG*[6] based on the defendant's misappropriation of the plaintiff's trade secrets. As a result of the increased incidence of theft and the potential for these massive verdicts, litigants must fully understand the pitfalls and opportunities that the Alabama Trade Secrets Act (the ATSA) presents.[7]

Given the recent nationwide attention on actions for trade secret misappropriation and the ATSA's recent application to discov-

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[3] Drill Parts & Serv. Co. v. Joy Mfg. Co., 439 So. 2d 43, 45 (Ala. 1983) (recognizing, for the first time, a common law right of action for misappropriation of trade secrets under Alabama law), *superseded by statute*, ALA. CODE §§ 8-27-1 to -6 (2013), *as recognized in* Allied Supply Co. v. Brown, 585 So. 2d 33, 36 n.3 (1991).

[4] EXEC. OFFICE OF THE PRESIDENT OF THE U.S., ADMINISTRATION STRATEGY ON MITIGATING THE THEFT OF U.S. TRADE SECRETS 1 (2013), *available at* http://www.whitehouse.gov//sites/default/files/omb/IPEC/admin_strategy_on_mitigating_the_theft_of_u.s._trade_secrets.pdf.

[5] *See* Margaret Cronin Fisk, *Ten Top U.S. Intellectual-Property Verdicts Doubled to $4.6 Billion in '11*, BLOOMBERG (Jan. 30, 2012, 11:01 PM), http://www.bloomberg.com/news/2012-01-31/top-ten-ip-verdicts-hit-4-6-billion-in-2011-almost-twice-previous-year.html (reporting a $2.3 billion verdict in favor of St. Jude Medical and a $920 million verdict in favor of DuPont).

[6] Mannsfeld v. INEOS Phenol GmbH & Co., No. 06-1956 (Mobile Cnty. Ala. Cir. Ct. Oct. 17, 2008).

[7] ALA. CODE §§ 8-27-1 to -6 (2013).

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ery through Rule 26(c)(7),[8] this Article addresses the pitfalls and opportunities of the ATSA. This Article hopes to show that the ATSA has many potential benefits for both plaintiffs and defendants. First, this Article examines what constitutes a trade secret under the ATSA and the practical effects the ATSA's requirements may have on both plaintiffs and defendants. Second, this Article examines the proper measure of damages available under the ATSA. Finally, this Article shows the effects the ATSA may have in other areas of law through discovery limitations and displacement of common law tort action.

II. THE DEFINITION OF A TRADE SECRET

Defining the trade secret is the most important part of any trade-secret action. The ATSA sets out the statutory definition of a trade secret in § 8-27-2(1) of the Alabama Code. Unless the alleged trade secret meets all six of the statutory requirements, the plaintiff's action will fail. Section 8-27-2(1) of the ATSA defines a trade secret as information that:

> a. Is used or intended for use in a trade or business;
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> b. Is included or embodied in a formula, pattern, compilation, computer software, drawing, device, method, technique, or process;
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> c. Is not publicly known and is not generally known in the trade or business of the person asserting that it is a trade secret;
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> d. Cannot be readily ascertained or derived from publicly available information;
>
> e. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and
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> f. Has significant economic value.[9]

This section of the Article briefly analyzes subsections (a) and (b), as they are unlikely to become an issue in most actions for misappropriation of a trade secret. Rather, this section focuses on subsections (c)-(e). Most actions for trade secret misappropriation will focus on these subsections, requiring that the trade secret actually be *a secret.*

A. A Trade Secret Must Be Intended for Use in a Trade or Business.

As the name implies, the ATSA only protects information that is actually intended for use in a trade or business. This require-

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[8] *Ex parte* W.L. Halsey Grocery Co., 897 So. 2d 1028, 1035 (Ala. 2004).

[9] ALA. CODE § 8-27-2(1) (2013).

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ment is relatively straightforward and unlikely to become an issue in most cases. However, according to the comment to § 8-27-2, subsection (a) also protects "'negative information,' that is, information as to what will not work," and states that such information "can be a trade secret and is used when unworkable approaches are avoided."[10]

B. A Trade Secret Must Be Included or Embodied in a Formula, Pattern, Compilation, Computer Software, Drawing, Device, Method, Technique, or Process.

Like the trade or business requirement, the requirement in subsection (b) is relatively straightforward and unlikely to become an issue in most cases. According to one of the drafters of the ATSA, subsection (b) is included to prevent a single piece of information, "such as the name of a single supplier or the cost of a single ingredient," from becoming a protectible trade secret.[11] The comment to § 8-27-2, however, suggests that these categories "should be construed broadly to encourage the development of ideas."[12]

C. In Order to Constitute a Protectible Trade Secret, the Information Must Not Have Been Placed in the Public Domain.

In most cases brought under the ATSA, subsections (c) and (d) require the most analysis. These subsections make clear that in order to qualify as a trade secret, the information must, in fact, be secret. Alabama courts have tended to blend subsections (c) and (d) together into one analysis of whether the information the plaintiff seeks to protect is in the public domain.[13] In spite of this, it is useful to analyze these subsections separately because there is a slight—but meaningful—difference between the two.

Subsection (c) requires that the information "[i]s not publicly known and is not generally known in the trade or business of the person asserting that it is a trade secret."[14] The word "known" implies that it is already common knowledge; in other words, there is nothing left to be figured out. Use of the phrase "generally known in the trade or business" means that information may not qualify as a trade secret even though there may only be a handful of people

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[10] § 8-27-2 cmt. (a)(1).
[11] Thad G. Long, *The Alabama Trade Secrets Act*, 18 CUMB. L. REV. 557, 562 (1987–1988).
[12] § 8-27-2 cmt. (a)(2).
[13] *See* Pub. Sys., Inc. v. Towry, 587 So. 2d 969, 971–72 (Ala. 1991).
[14] § 8-27-2(1)(c).

in the world with the requisite knowledge. For instance, while the process for splitting an atom might be exceedingly complex and unknown to most people, many atomic physicists understand the process. Thus, the process for splitting an atom would likely not qualify as a trade secret under the ATSA because it is "generally known in the trade or business."

On the other hand, subsection (d) requires that the information not "be readily ascertained or derived from publicly available information."[15] Under this subsection, the process may not be "generally known," but someone else could determine the alleged trade secret with minimal effort, given the information already in the public domain. The quintessential example of such information is the customer list. Customer lists are often protectible trade secrets, but if the list consists only of customers' or potential customers' names, the court will often find that these do not qualify as trade secrets because another competitor could compile this list by copying the names from published or online directories.[16] According to the comment to § 8-27-2, subsection (d) "is intended to disallow from trade secret protection information that is readily available and does not require substantial research investment to obtain."[17]

Three Alabama cases provide useful examples of what constitutes a trade secret. First, in *Saunders v. Florence Enameling Co.*,[18] the Alabama Supreme Court found that Florence Enameling's process for coating pipes in such a way that there were no chinks or point marks on the pipe constituted a protectible trade secret.[19] There, the evidence demonstrated:

> [T]hat the process was unique; that the process had been developed over a number of years and required extensive tests on both raw materials and on the actual process of applying the coating to the pipe; that the process for coating the pipe without leaving point marks was not available until [the fluxing process creator] invented it . . .[20]

In *Public Systems, Inc. v. Towry*, however, the court found that the plaintiffs' "spreadsheet software data program" was not a pro-

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[15] § 8-27-2(1)(d).
[16] *Towry*, 587 So. 2d at 973.
[17] § 8-27-2 cmt. (a)(4).
[18] 540 So. 2d 651 (Ala. 1988).
[19] *Id.* at 654. This case was not analyzed under the ATSA because it was filed prior to the ATSA's effective date, but the standards for what constitute a trade secret under the common law are virtually identical to the ATSA.
[20] *Id.* at 653.

tectible trade secret.[21] In *Towry*, the evidence demonstrated that the spreadsheet started as an off-the-shelf program available to anyone, and there was no evidence that the plaintiffs modified any of the technical aspects of the program.[22] Further, all of the information compiled and embodied in the spreadsheets came from publicly available sources that anyone could have accessed with minimal effort or expense. The court found that, while it took the plaintiffs several years to compile the spreadsheets, the process consisted mainly of determining what information was necessary to include.[23] The Alabama Supreme Court distinguished this case from *Saunders*: in *Saunders*, the enameling "process itself was the secret," whereas, in *Towry*, "there was nothing secret about the process of getting the information."[24]

Finally, in *Halsey*, the court applied trade secret law in the discovery context. Finding that various sales and pricing information from a wholesale food distributor constituted a trade secret, the court stated: "While a diligent competitor could determine individual figures for certain of Halsey's customers, the average businessman in the grocery trade will not know all the information that Halsey has amassed."[25] This would initially seem to conflict with the Alabama Supreme Court's previous holding in *Towry*, where it found that the information was not a trade secret because it was publicly available.[26] However, in *Halsey*, unlike *Towry*, not all of the information was publicly available.[27] Because *Halsey* addresses a discovery dispute, the court did not provide much additional analysis, but this decision is helpful to show that information can still constitute a trade secret even though portions of it may be publicly available or readily ascertainable.[28]

D. A Party Must Take Reasonable Precautions to Maintain the Secrecy of the Information Claimed as a Trade Secret.

Subsection (e) of the ATSA requires that the information must be "the subject of efforts that are reasonable under the circumstances to maintain its secrecy."[29] "'[T]he standard is reasonableness, not perfection,' a company need not take 'heroic measures'

[21] 587 So. 2d at 974.
[22] *Id.* at 971–72.
[23] *Id.*
[24] *Id.* at 973.
[25] *Ex parte* W.L. Halsey Grocery Co., 897 So. 2d 1028, 1034 (Ala. 2004).
[26] *Towry*, 587 So. 2d 973.
[27] *Halsey*, 897 So. 2d 1034.
[28] *See id.*
[29] ALA. CODE § 8-27-2(1)(e) (2013).

to preserve the confidentiality of its trade secrets."[30] While there is no bright-line rule on reasonableness, this is one of the few areas of the ATSA that the courts have addressed with some regularity.[31] For instance, in *Jones v. Hamilton*, the Alabama Court of Civil Appeals found that the information contained in the plaintiff's allegedly confidential documents were not trade secrets because the documents were left in a cardboard box in a company vehicle that other employees had potential access to for almost two weeks.[32] Likewise, in *Allied Supply Co. v. Brown*, the Alabama Supreme Court found that the plaintiff's customer and vendor lists were not trade secrets because at least ten employees had unrestricted access to the information, the lists were not marked "confidential," the lists were taken home by employees, multiple copies of each list existed, and the information contained on the lists was available in the receptionist's rolodex.[33] In both of these cases, the plaintiffs made little attempt to secure the alleged trade secrets, restrict employee access, or inform others that the information was confidential; thus, the courts determined the information was not protectible as trade secrets.

On the other hand, in *Saunders v. Florence Enameling Co.*, the Alabama Supreme Court determined that the plaintiff made reasonable efforts to maintain the secrecy of its trade secrets.[34] In that case the plaintiff specifically stated in an employee manual that certain information about the plant was confidential, posted "no trespassing" and "authorized personnel only" signs around the plant, told newly hired employees that the furnace was a secret and not to discuss its details with anyone outside the plant, covered the gear boxes on the furnace, and took protective measures when visitors came through the plant.[35]

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[30] Optos Inc. v. Topcon Med. Sys., Inc., 777 F. Supp 2d 217, 240 (D. Mass. 2011) (citations omitted) (quoting Touchpoint Solutions, Inc. v. Eastman Kodak Co., 345 F. Supp. 2d 23, 30 (D. Mass 2004)) (applying Massachusett's law persuasively, but the standards are virtually identical to Alabama's law).

[31] *See* Allied Supply Co. v. Brown, 585 So. 2d 33, 36 (Ala. 1991) (finding documents taken home by employees and in a receptionist's rolodex did not meet the reasonableness standard); Saunders v. Florence Enameling Co., 540 So. 2d 651, 654 (Ala. 1988) (finding an employment manual, instructing confidentiality, posting signs, and covering of machinery were sufficient to meet the requirement of a trade secret); Jones v. Hamilton, 53 So. 3d 134, 140 (Ala. Civ. App. 2010) (finding documents held in a company car did not meet the reasonableness standard).

[32] 53 So. 3d 134, 140 (Ala. Civ. App. 2010).

[33] 585 So. 2d 33, 36 (Ala. 1991).

[34] 540 So. 2d 651, 654 (Ala. 1988).

[35] *Id.*

These cases indicate that, in order to meet the reasonable efforts standard a plaintiff must at least take basic security steps (e.g. locking doors or filing cabinets) and must inform employees and others of the confidential nature of the information (e.g. mark the documents confidential). Further, depending on the circumstances and the value of the alleged trade secret, a court may require more rigorous measures.[36] For example, a court would likely find that reasonable efforts to protect a small company's customer list differ from reasonable efforts for protecting the formula for Coca-Cola.[37]

E. Practical Considerations for Section 8-27-2

In defining trade secrets, there will always be tension between plaintiffs and defendants. Plaintiffs will want to keep the definition as broad and encompassing as possible in order to ensure that they do not limit themselves to a particular definition before knowing what discovery and expert testimony will reveal. Plaintiffs do, however, face a risk if they leave the definition too vague because the courts have interpreted the ATSA as requiring at least some degree of specificity in the description of alleged trade secrets.[38] For example, in *Bell Aerospace Services, Inc. v. U.S. Aero Services, Inc.*, a federal district court applying the ATSA granted the defendant's summary judgment motion, in part, because:

> Bell Aerospace never [made] clear what trade secrets it possesses or which of these secrets were taken by a defendant. Its brief is opaque, contending that its former employees stole work instructions, customer contact lists, and certain forms . . . . However, the company provides no further guidance as to . . . what information is contained in these documents.[39]

Additionally, in *Systrends, Inc. v. Group 8760, LLC*, the Alabama Supreme Court found that the plaintiff's inability to articulate what

[36] *See* Fail-Safe LLC v. A.O. Smith Corp., 744 F. Supp. 2d 831, 858 n.58 (E.D. Wis. 2010) (citing Learning Curve Toys, Inc. v. PlayWood Toys, Inc., 342 F.3d 714, 726 (7th Cir. 2003)) (noting that a fact finder may take into account the size and sophistication of the parties when determining reasonable efforts); Long, *supra* note 11, at 565 (noting that reasonable efforts for high technology research may be more stringent than reasonable efforts to protect more modest trade secrets).

[37] ALA. CODE § 8-27-2(f) (2013) adds the requirement that the information must have "significant economic value." This requirement, however, is highly unlikely to ever become an issue because it is unlikely someone would want to go through the time and expense of bringing an action under the Act if they do not believe the information has "significant economic value." Thus, subsection (f) is not addressed in detail here.

[38] *See* Systrends, Inc. v. Grp. 8760, LLC, 959 So. 2d 1052, 1070–75 (Ala. 2006).

[39] 690 F. Supp. 2d 1267, 1273–74 (M.D. Ala. 2010).

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exactly its trade secret was and what exactly was misappropriated required that its multi-million dollar jury verdict be overturned.[40]

As a practical result of these cases, plaintiffs should ensure before or shortly after filing that they have a firm grasp on how to define their trade secrets. If the information is technical in nature, plaintiffs should ensure they have at least a functional understanding of the information, and they may even want to consult with an outside expert early in the litigation to assist in framing the plaintiff's trade secrets.[41] Clarifying the content of trade secrets can be particularly helpful in avoiding questions of whether the information is in the public domain.[42] Likewise, plaintiffs should recognize that a published patent application or issued patent covering the information could possibly destroy trade secret status.[43]

Conversely, defendants should narrow the definition of the trade secrets as much as possible and as quickly as possible. Any defendant in a trade secret case should immediately serve interrogatories on the plaintiffs asking them to describe in detail all trade secrets allegedly misappropriated by the defendant. Practically, serving interrogatories is essential to being effective in any remaining discovery; without an accurate picture of the alleged trade secrets, defendants do not know what information they need in order to demonstrate that either the information is not a trade secret or that the defendants did not misappropriate the information. Additionally, if—as in *Bell Aerospace* and *Systrends*—the plaintiffs cannot articulate their trade secrets with specificity, the defendants may be entitled to summary judgment.[44]

III. THE MEANS OF MISAPPROPRIATION

According to Section 8-27-3:

> A person who discloses or uses the trade secret of another, without a privilege to do so, is liable to the other for misappropriation of the trade secret if:

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[40] 959 So. 2d at 1070–75.

[41] *Bell Aerospace*, 690 F. Supp. 2d at 1274 n.2 (noting plaintiffs use of expert in determining if trade secrets were taken); *Systrends*, 959 So. 2d at 1066–68, 1074–75 (noting defendant's use of expert testimony to show lack of similarity between dispusted products tended not to indicate a theft of trade secrets).

[42] *Systrends*, 959 So. 2d at 1074–75 (noting expert testimony indicated that the only similarities in disputed products were matters already in the public domain).

[43] BondPro Corp. v. Siemens Power Generation, Inc., 463 F.3d 702, 706–07 (7th Cir. 2006) (discussing the fact that publication of an approved or pending patent application may negate trade secret status).

[44] *See Bell Aersospace*, 690 F. Supp. 2d at 1274; *Systrends*, 959 So. 2d at 1074–75.

> (1) That person discovered the trade secret by improper means;[45]
>
> (2) That person's disclosure or use constitutes a breach of confidence reposed in that person by the other;
>
> (3) That person learned the trade secret from a third person, and knew or should have known that (i) the information was a trade secret and (ii) that the trade secret had been appropriated under circumstances which violate the provisions of (1) or (2), above; or
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> (4) That person learned the information and knew or should have known that it was a trade secret and that its disclosure was made to that person by mistake.[46]

The use or disclosure of a trade secret alone does not create a cause of action under the ATSA. The use or disclosure must accompany one of the forms of wrongful conduct set out in § 8-27-3.[47] For instance, in Alabama there is no misappropriation where someone obtains the trade secrets through reverse engineering or independent development.[48] No misappropriation exists because the ATSA—unlike a patent—does not provide for a monopoly on the use of trade secrets.[49] Instead, the ATSA only protects trade secrets from use or disclosure resulting from the wrongful conduct set out in § 8-27-3.

The means of misappropriation, though likely disputed by defendants in every case, are not nearly as ambiguous as the definition of a trade secret. In fact, unlike the definition of a trade secret, a case in which the plaintiffs—if their allegations are true—fail

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[45] The ATSA further defines "improper means" as:

> a. Theft;
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> b. Bribery;
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> c. Misrepresentation;
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> d. Inducement of a breach of confidence;
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> e. Trespass; or
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> f. Other deliberate acts taken for the specific purpose of gaining access to the information of another by means such as electronic, photographic, telescopic or other aids to enhance normal human perception, where the trade secret owner reasonably should be able to expect privacy.

ALA. CODE § 8-27-2(2) (2013).

[46] § 8-27-3.

[47] *See* § 8-27-3 cmt.

[48] *See* RESTATEMENT (FIRST) OF TORTS § 757 cmt. b (1939) (cited with approval by § 8-27-2 cmt. (a)(5)).

[49] *See* Ala. Code § 8-27-4 (2013).

to state a claim properly based on the means of misappropriation is difficult to imagine. However, the means of misappropriation can still be difficult to prove factually. Cases involving industrial espionage are of particular significance, and as at least one court has noted, "'[D]irect evidence of industrial espionage is rarely available' and not required."[50] Therefore, in the realm of trade secret law, circumstantial evidence can establish wrongful use of a trade secret.[51] Courts have also found that "[a]n inference of misappropriation from limited facts is especially warranted in situations . . . where the secret itself is so unique that any form of duplication would probably be improper."[52]

In *Systrends, Inc. v. Group 8760, LLC*, however, the Alabama Supreme Court made clear that although circumstantial evidence is permissible, allowing "inferences [to] be based upon inferences" is not permissible.[53] In *Systrends*, the plaintiff alleged that the company's former employee misappropriated trade secrets while developing software for a competitor.[54] The defendant, however, presented an expert who examined the source code of both parties' software and determined that the two programs were "radically different from a computer-logic standpoint."[55] As a result of this uncontradicted testimony, the court found that the plaintiffs had not carried their burden of proving use and overturned the jury's verdict in favor of the plaintiffs.[56]

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[50] Pioneer Hi-Bred Int'l v. Holden Found. Seeds, Inc., 35 F.3d 1226, 1239 (8th Cir. 1994) (quoting Greenberg v. Croydon Plastics Co., 378 F. Supp. 806, 814 (E.D. Pa. 1974)).

[51] *Id.*

[52] *Id.* at 1240 (citing Rockwell Graphic Sys., Inc. v. DEV Indus., Inc., 925 F.2d 174, 178 (7th Cir. 1991)); *see also Rockwell*, 925 F.2d at 178–79 (stating that, by showing low-probability defendant could have obtained trade secrets through proper means, plaintiff "will have taken a giant step toward proving what it must prove" to recover for trade secret misappropriation).

[53] 959 So. 2d 1052, 1074 (Ala. 2006).

[54] *Id.* at 1055.

[55] *Id.* at 1066.

[56] *Id.* at 1074–75. Additionally, in *IMED Corp. v. Systems Engineering Associates Corp.*, 602 So. 2d 344 (Ala. 1992), the court held, "The purpose underlying the Act would surely be thwarted if a person, although innocently acquiring a trade secret from a third person, could nonetheless disclose or use that trade secret with impunity after being placed on notice that the trade secret had been misappropriated by the third person." *Id.* at 347. The court's decision overruled the comment, which the court noted was prepared by the Alabama Law Institute, not the legislature, and although they may be helpful, they were not enacted by the legislature and do not represent legislative intent. *Id.* at 348–49.

IV. DAMAGES AVAILABLE UNDER THE ATSA FOR TRADE SECRET MISAPPROPRIATION.

The ATSA's damages provision is unique because of the broad range of remedies provided.[57] The ATSA gives plaintiffs and courts great flexibility in what relief to seek or grant in the case of trade secret misappropriation.[58] The only stated limitation in section 8-27-4 is that the damages not be "duplicative."[59] Thus, plaintiffs are free to seek any combination of the three remedies they wish, so long as the damages are not duplicative.[60] According to the comment to § 8-27-4, "The intention of this provision is to assure two results: first, that the plaintiff is made whole, and, second, that the misappropriator recognizes no profit from wrongdoing."[61]

Section 8-27-4 provides:

> (a) The remedies available for actual or threatened misappropriation of a trade secret are:
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> (1) To the extent that they are not duplicative:
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> a. Such injunctive and other equitable relief as may be appropriate with respect to any actual or threatened misappropriation of a trade secret,
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> b. Recovery of any profits and other benefits conferred by the misappropriation that are attributable to the misappropriation (In establishing the misappropriator's profits, the complainant is required to present proof only of the misappropriator's gross revenue, and the misappropriator is required to present proof of his or her deductible expenses and the elements of profit attributable to factors other than the trade secret.), and
>
> c. The actual damages suffered as a result of the misappropriation;
>
> (2) Reasonable attorney's fees to the prevailing party if:
>
> a. A claim of actual or threatened misappropriation is made or resisted in bad faith,
>
> b. A motion to terminate an injunction is made or resisted in bad faith, or
>
> c. Willful and malicious misappropriation exists; and

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[57] *See* Christopher Rebel J. Pace, *The Case for a Federal Trade Secrets Act*, 8 HARV. J.L. & TECH. 427, 444 n.62 (1995) (noting that Alabama departs from the Uniform Trade Secrets Act in regards to availability of remedies).

[58] *See* ALA. CODE § 8-27-4 (2013).

[59] § 8-27-4(a)(1).

[60] § 8-27-4 cmt.

[61] *Id.*

> (3) Exemplary damages in an amount not to exceed the actual award made under subdivision (1), but not less than ten thousand dollars ($10,000), if willful and malicious misappropriation exists.[62]

A. A Court May Grant Injunctive Relief to Prevent Actual or Threatened Misappropriation.

Many of the cases seeking injunctive relief under the ATSA relate to employers attempting to prevent their former employees from working for a competitor.[63] Injunctive relief, however, will not be very attractive to plaintiffs in situations where the misappropriator has already placed the trade secret into the public domain, perhaps by filing a patent application.[64] In such cases, an injunction only preventing the misappropriator's use of the trade secret is little consolation to the plaintiff. Further, the comment to § 8-27-4 states that "[t]he duration of an injunction normally is for the period the trade secret is expected to remain secret."[65] Thus, in many instances an injunction may not be sufficient to protect the plaintiff's interests.

As stated above, nothing in the ATSA specifies if or when a court should grant an injunction as opposed to monetary damages. The comment gives the court "broad discretion . . . to fashion appropriate equitable relief."[66] In deciding whether to grant an injunction, the court must determine if the plaintiff will be irreparably harmed absent an injunction.[67] In the case of a temporary restraining order, the court must likewise find a substantial likelihood of success on the merits and may require the plaintiff to post bond should the defendant eventually prevail on the merits.[68]

Ultimately, the decision of whether to seek an injunction under the ATSA depends on the factual circumstances of the specific case. In some cases an injunction may be preferable to monetary damages, but in many cases an injunction would be of little conse-

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[62] § 8-27-4(a).

[63] *See, e.g.*, Unisource Worldwide, Inc. v. S. Cent. Ala. Supply, LLC, 199 F. Supp. 2d 1194, 1198–99 (M.D. Ala. 2001); Pub. Sys., Inc. v. Towry, 587 So. 2d 969, 970–71 (Ala. 1991); Saunders v. Florence Enameling Co., 540 So. 2d 651, 652 (Ala. 1988).

[64] *See* Brief of Plaintiff in Opposition to Motion of Defendants in Limine Seeking to Exclude So-Called "Future Damages" at 1–2, Mannsfeld v. INEOS Phenol GmbH & Co., No. 06-1956 (Mobile Cnty. Ala. Cir. Ct. Oct. 17, 2008).

[65] § 8-27-4 cmt.

[66] § 8-27-4 cmt.

[67] *See* Saunders v. Florence Enameling Co., 540 So. 2d 651, 655 (Ala. 1988).

[68] *See* ALA. R. CIV. P. 65 (setting out the requirements for state court preliminary injunctions).

quence. In making this determination, the parties should keep in mind a couple of practical tips. First, seeking an injunction opens the door to an interlocutory appeal of right that may delay the ultimate resolution of the case.[69] Second, a plaintiff should be particularly careful in seeking any kind of injunction if a patent potentially covers some portion of the trade secret because this coverage may lead to federal preemption via federal patent law.[70]

B. The ATSA Entitles the Plaintiff to Recover the Misappropriator's Profits and Other Benefits Resulting from the Misappropriation.

For the plaintiff, the benefit to the misappropriator is typically the most attractive measure of damages because it is generally the easiest to prove. The ATSA only requires the plaintiff to show the misappropriator's gross revenue.[71] The burden then shifts to the defendant to prove any deductible expenses and profits are attributable to something other than the trade secret.[72] According to the comment, the burden shifts to the defendant because "first, . . . the misappropriator has the best access to its own records, and, second, . . . the possessor of the trade secret should not suffer, nor the misappropriator benefit, from the misappropriator's poor or bad faith record keeping."[73] This burden shifting particularly benefits the plaintiff in cases where the trade secret makes up only a portion of the defendant's product or service because proving what value is attributable to the trade secret alone can be very difficult.

The ATSA states that the plaintiff need only present proof of the misappropriator's gross revenue, which indicates that the plaintiff does not need to show any causal relationship between the revenue and the misappropriation.[74] This issue of whether a plaintiff must show causation has never been addressed by an Alabama court, yet, under Alabama law, the principle is well-settled that evidence of the wealth of the defendant is generally excluded and inclusion constitutes reversible error.[75] Additionally, federal courts have dealt with a similar issue under the Copyright Act's profit-

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[69] *See* ALA. R. APP. P. 4(a)(1)(A).
[70] *See infra* Part V.B.
[71] § 8-27-4(a)(1)(b).
[72] *Id.*
[73] § 8-27-4 cmt.
[74] § 8-27-4(a)(1)(b).
[75] S. Life & Health Ins. Co. v. Whitman, 358 So. 2d 1025, 1026–27 (Ala. 1978) (holding introduction of evidence of defendant's net income for express purpose of aiding jury in assessing punitive damages was prejudicial error requiring new trial).

recovery provision, which—like the ATSA—requires the copyright owner "to present proof only of the infringer's gross revenue."[76]

At least one circuit found that under this provision, the plaintiff "must show more than the infringer's total gross revenue from all of its profit streams."[77] "Rather, 'gross revenue' refers only to revenue reasonably related to the infringement. The copyright owner thus has the burden of demonstrating some causal link between the infringement and the particular profit stream before the burden-shifting provisions of § 504(b) apply."[78] Given how closely the ATSA tracks the language of § 504(b), it is likely that an Alabama court would find that the plaintiff must present at least some causal link between the misappropriation and the profit stream.

Finally, the ATSA allows recovery of not only profits, but also "other benefits" derived from the trade secret.[79] To the extent plaintiffs can quantify these other benefits, they can recover for any intangible benefits that may have been conferred on the defendant as a result of the misappropriation. Additionally, if the misappropriated trade secret led customers to buy more, unrelated products from the defendant, the plaintiff could also be entitled to recover benefits from the sales of those unrelated products.

C. The ATSA Allows the Plaintiff to Recover Actual Damages.

Actual damages are the final measure of compensatory damages allowed under the ATSA.[80] Though there is some ambiguity as to what "actual damages" encompasses, it is clear such damages include lost profits and lost sales. It probably also includes any loss in value to the intellectual property. The courts, however, have provided no real guidance on what constitutes the proper measure of actual damages. It is likely from the language of the ATSA, however, that the Act was meant to encompass more than just the plaintiff's lost profits.[81] Had the legislature intended to limit recovery to lost profits, it would have used the term "profit" as it did in § 8-27-4(a)(1)(b), and further, lost profits alone would not accom-

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[76] 17 U.S.C. § 504(b) (2006).
[77] *See* Bonner v. Dawson, 404 F.3d 290, 294 (4th Cir. 2005).
[78] *Id.* (citations omitted); *see also* Rainey v. Wayne State Univ., 26 F. Supp. 2d 963, 971–72 (E.D. Mich. 1998) (reviewing case law and holding that where plaintiff seeks to recover indirect profits for copyright infringement, mere evidence of defendant's gross revenue does not satisfy initial burden under § 504(b); rather, plaintiff must "demonstrate a connection between defendant's gross revenues and the infringement itself.").
[79] § 8-27-4(a)(1)(b).
[80] § 8-27-4(a)(1)(c).
[81] § 8-27-4.

plish the comment's stated goal of making the plaintiff whole.[82] Given the lack of case law, however, it is unclear what, if any, measure of damages beyond lost profits the courts would employ.

D. The ATSA is Unclear as to Whether a Plaintiff May Recover Any Future Benefits to the Misappropriator.

Under the ATSA, plaintiffs are entitled to receive future lost profits as long as they can prove that the defendant's misappropriation destroyed the value of the trade secret going forward (e.g. the defendant disclosed the trade secret).[83] A plaintiff's future lost profits are awarded to remedy tortious conduct as long as the plaintiff can prove those lost profits with reasonable certainty.[84] Trade secret misappropriation would likely be no different.

The real question of future damages arises in the context of the recovery of the future benefit to the misappropriator. This is a more difficult problem, in part, because if the defendant is found to have misappropriated the plaintiff's trade secrets it typically has the option to simply stop using the trade secrets, thus obviating any future benefit from the misappropriation. The ATSA also provides courts with the option of enjoining the defendant from future use of the plaintiff's trade secrets.[85]

The language of the ATSA also supports the conclusion that the plaintiff should not typically be entitled to the recovery of the defendant's future benefits. The ATSA uses the past tense when discussing the benefits "conferred" on the defendant, indicating that it does not cover benefits that have yet to be "conferred."[86] On the other hand, the ATSA also provides that injunctive or other equitable relief is available for "any actual or threatened misappropriation."[87] Thus, the language of the ATSA indicates that an injunction may be the proper remedy for preventing a misappropriator from capitalizing on its misconduct in the future.

Conceivably, however, there are situations in which the defendant will continue to benefit from the misappropriation in the

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[82] *See* § 8-27-4 cmt.
[83] § 8-27-3 cmt.
[84] *See* Lehrman v. Gulf Oil Corp., 500 F.2d 659, 663–64, 671 (5th Cir. 1974) (awarding lost profits because of defendant's antitrust violations); Kirkland & Co. of Anniston v. A & M Food Serv., Inc., 579 So. 2d 1278, 1285–88 (Ala. 1991) (awarding a restaurant lost profits for wrongful termination of a lease); Super Valu Stores, Inc. v. Peterson, 506 So. 2d 317, 326–32 (Ala. 1987) (awarding grocery store lost profits for wrongful termination of lease).
[85] § 8-27-4(a)(1)(a).
[86] § 8-27-4(a)(1)(b).
[87] § 8-27-4(a)(1)(a).

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future, and a court will not be able to enjoin the defendant from future use of the trade secrets. For instance, if the defendant used the misappropriated information to obtain a patent, the trial court likely does not have the authority to enjoin the defendant from making use of its patent because federal patent law likely preempts the ATSA in such a situation.[88] Further, the very possession of a patent covering the trade secret provides some benefit to the defendant even if it should choose not to make use of it. The stated goal of preventing the misappropriator from benefiting from its wrongful conduct would be thwarted if the court were not permitted to award future damages. Consequently, in situations where an injunction is either not available or would be of no use, a court could find that an award of the future benefit to the misappropriator would be the proper measure of damages.

E. In Specified Circumstances the ATSA Provides for the Recovery of Attorney's Fees and Exemplary Damages.

The ATSA provides for attorney's fees[89] and exemplary damages if the misappropriation was both "willful and malicious."[90] Unfortunately, a clear definition of a "willful and malicious" misappropriation is not readily apparent from current Alabama case law. The Alabama Supreme Court has never dealt with the issue of what constitutes a "willful and malicious" misappropriation. The Circuit Court of Mobile County, however, granted the defendant's motion for a judgment as a matter of law as to exemplary damages and attorney's fees in *Mannsfeld v. Ineos Phenol GmbH & Co.*[91] because it found that the defendants' misappropriation was not "willful and malicious." The court's order concluded that the ATSA's "willful

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[88] *See infra* Part V.B.

[89] Section 8-27-4(a)(2) also provides for attorney's fees to the prevailing party where a party brings or resists a claim in bad faith or a motion to terminate an injunction is made or resisted in bad faith. The Alabama Supreme Court has made clear that the "bad faith" element is to be interpreted just like the Alabama Litigation Accountability Act, meaning that a claim that is "frivolous, groundless in fact or in law, or vexatious, or interposed for any improper purpose, including without limitation, to cause unnecessary delay or needless increase in the cost of litigation, as determined by the court" will satisfy this element. *Ex parte* Waterjet Sys., Inc., 758 So. 2d 505, 509 (Ala. 1999). This is a very difficult standard for the prevailing party to meet, and any claim that makes it past the summary judgment stage will almost certainly not be considered to have been brought in "bad faith." *Id.*

[90] § 8-27-4(a)(2)–(3).

[91] The judge does not appear to have issued a written order setting out the reasons for granting the defendant's motion for summary judgment.

and malicious" standard requires something more than intentional misappropriation.[92]

Providing some insight into its legislative intent, the comment to the ATSA states that "exemplary damages are permitted in exceptional cases."[93] Thus, it is clear that the legislature did not intend for exemplary damages and attorney's fees to be awarded in the ordinary misappropriation action. As the Seventh Circuit noted:

> The misappropriation of a trade secret is an intentional tort, but it is not the law that the fact that a tort is intentional automatically authorizes the award of punitive damages. . . . When an award of punitive damages requires that the defendant have committed an aggravated form of the wrongful act sought to be punished, a defendant who commits the barebones tort is not liable for such damages.[94]

Under the ATSA, an ordinary misappropriation includes an intentional discovery by "improper means."[95] The ATSA defines "improper means" to include theft, bribery, misrepresentation, inducement of a breach of confidence, trespass, and other deliberate acts.[96] Thus, ordinary misappropriation involves intentional or deliberate action on the part of the defendant, and—as a result—willful and malicious misappropriation likely requires something more than mere intentional misappropriation. If not, the legislature's inclusion of "willful and malicious" would be superfluous, and exemplary damages and attorney's fees would be the rule rather than the "exceptional case[]."[97]

Other courts have found that "[a] finding of willful and malicious misappropriation should depend on a finding that actual use was made of a trade secret, and that there was animosity between the parties which motivated the defendant to act with malice."[98]

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[92] *See* Brief of Plaintiff in Support of Conditional Motion for New Trial on Exemplary Damages and a Reasonable Attorneys' Fee, Mannsfeld v. INEOS Phenol GmbH & Co., No. 06-1956 (Mobile Cnty. Ala. Cir. Ct. Dec. 12, 2008); Defendants' Brief in Opposition to Plaintiff's Conditional Motion for New Trial on Exemplary Damages and a Reasonable Attorneys' Fee, *Mannsfeld*, No. 06-1956 (Jan. 9, 2009).

[93] § 8-27-4 cmt.

[94] Micro Data Base Sys., Inc. v. Dharma Sys., Inc., 148 F.3d 649, 654 (7th Cir. 1998).

[95] § 8-27-3.

[96] § 8-27-2(2).

[97] § 8-27-4.

[98] News Am. Mktg. In-Store, Inc. v. Marquis, No. CV000177440S, 2003 WL 22904123, at *8 (Conn. Super. Ct. Oct. 22, 2003) (citing Elm City Cheese Co. v. Frederico, 752 A.2d 1037, 1056 (Conn. 1999)), *aff'd*, 862 A.2d 837 (Conn. App. Ct. 2004), *aff'd*, 885 A.2d 758 (Conn. 2005).

Further, in *Becker Equipment, Inc. v. Flynn*, the court interpreted the identical "willful and malicious" provision in the Ohio act to require "actual malice."[99] The court went on to define "actual malice" as: "'(1) that state of mind under which a person's conduct is characterized by hatred, ill will or a spirit of revenge, *or* (2) a conscious disregard for the rights and safety of other persons that has a great probability of causing substantial harm.'"[100]

Based on the language of the ATSA and case law from other jurisdictions, it is likely that "willful and malicious" requires something more than intentional misappropriation. While Alabama courts have never directly addressed the issue as it relates to the ATSA, the Alabama Supreme Court, in the state-agent immunity context, has noted that "'[w]illfulness' is the conscious doing of some act . . . under knowledge of existing conditions accompanied with a design or purpose to inflict injury."[101] "Similarly, malice is defined as '[t]he intent, without justification or excuse, to commit a wrongful act.'"[102] This language, while somewhat vague, comports with the "willful and malicious" standards used by other jurisdictions, and certainly requires more than the "barebones tort" of misappropriation of a trade secret.

V. DISPLACEMENT BY AND PREEMPTION OF THE ATSA.

Displacement and preemption are related concepts with differing applications. Preemption refers to the supremacy of federal over state law under the Supremacy Clause of the United States Constitution. Displacement, on the other hand, involves the primacy of statutory law over common law.[103] Both concepts are important in the trade secrets arena.

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[99] No. CA2002-12-313, 2004 WL 486219, at *4 (Ohio Ct. App. Mar. 15, 2004) (citing BLACK'S LAW DICTIONARY 968, 1593 (7th ed. 1999)).

[100] *Id.* (quoting Calmes v. Goodyear Tire & Rubber Co., 575 N.E.2d 416, 419 (Ohio 1991)).

[101] *Ex parte* Nall, 879 So. 2d 541, 546 (Ala. 2003) (citing SUPREME COURT COMMITTEE ON PATTERN JURY INSTRUCTIONS-CIVIL, ALABAMA PATTERN JURY INSTRUCTIONS-CIVIL § 29.01 (2d ed. 1993)); *see also* Roe *ex rel.* Roe v. Lewis, 416 So. 2d 750, 754 (Ala. 1982) (citing English v. Jacobs, 263 So. 2d 542, 545 (Ala. 1955)) (willfulness "denotes an intention to cause an injury.").

[102] *Ex parte Nall*, 879 So. 2d at 546 (quoting BLACK'S LAW DICTIONARY 968 (7th ed. 1999)).

[103] *See, e.g.*, Brannon v. BankTrust, Inc., 50 So. 3d 397, 409 (Ala. 2010) (discussing the displacement doctrine).

A. *The ATSA Displaces the Common Law of Trade Secrets to the Extent the Two are Inconsistent.*

Section 8-27-6 of the Code of Alabama provides that "[t]hose provisions of this chapter that are inconsistent with the common law of trade secrets supersede the common law; otherwise, this chapter should be construed to be consistent with the common law of trade secrets."[104] Other claims such as fraud, suppression, breach of fiduciary duty, and breach of contract frequently accompany a claim for misappropriation brought under the ATSA. Thus the question of whether these claims are displaced by the ATSA will frequently become an important one.[105] The ATSA clearly states that to the extent it is "inconsistent with the common law of trade secrets," the common law is displaced, but there still remains uncertainty about what exactly constitutes the "common law of trade secrets."

According to Thad Long, when the Alabama Law Institute ("ALI") drafted the ATSA, the ALI "felt there should be no statutory or common-law tort cause of action unless the subject matter of the misappropriation fell within the boundaries of this definition, although there could be a cause of action based on contract or some other nontort theory."[106] Two courts have addressed the displacement issue and both found that the plaintiffs' breach of fiduciary duty claims were displaced by the ATSA.[107] In *Bell Aerospace*, the Middle District of Alabama said that "the factual basis for this claim is essentially the same as the one for the ATSA claim," and "the company may not pursue 'both statutory and common law theories of recovery for the . . . alleged misappropriation of 'trade secrets' or confidential documents.'"[108] Likewise, in *Allied Supply*, the Alabama Supreme Court found that the ATSA displaced the plaintiff's claim for breach of fiduciary duty that was based on the misappropriation of trade secrets.[109] Thus, based on the language of the ATSA and the case law, the ATSA displaces other nonstatutory torts based on the same factual basis as the misappropriation claim.

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[104] ALA. CODE § 8-27-6 (2013).
[105] *See* Madison Oslin, Inc. v. Inerstate Res., Inc., No. 2:11–cv–01343–SLB, 2012 WL 4730877, at *7 (N.D. Ala. Sept. 30, 2012).
[106] Long, *supra* note 11, at 562.
[107] Bell Aerospace Servs., Inc. v.U.S. Aero Servs., Inc., 690 F. Supp. 2d 1267, 1276–77 (M.D. Ala. 2010); Allied Supply Co. v. Brown, 585 So. 2d 33, 37 (Ala. 1991).
[108] *Bell Aerospace*, 690 F. Supp. 2d at 1276–77 (quoting *Allied Supply*, 585 So. 2d at 37).
[109] *Allied Supply*, 585 So. 2d at 37.

Perhaps a more difficult question is whether the ATSA displaces statutory actions such as fraud, suppression, or conversion, which—although technically statutory—merely codify the common law.[110] Long's article indicates that it was the ALI's intention[111] in drafting the ATSA, to do away with statutory and common law tort causes of action based on the same factual basis as a misappropriation claim.[112] The ATSA, however, makes no mention of any intention to displace statutory causes of action. Similarly, the court in *Bell Aerospace* did not find the plaintiff's conversion claim,[113] arising in part out of the same facts as its misappropriation claim, to be displaced.[114] Moreover, the ATSA says "the common law of trade secrets;" according to Black's Law Dictionary "common law" is defined as "[t]he body of law derived from judicial decisions, rather than from statutes or constitutions."[115] In Alabama, fraud, suppression, and conversion are now codified, but they remain primarily based on judicial decisions.[116] As a result, it is unclear whether the ATSA displaces these codified, common law causes of action.

B. Federal Patent Law Preempts the ATSA to the Extent It Protects Information Already in the Public Domain.

Many claims for the misappropriation of trade secrets will never be affected by federal preemption. Litigants need to be aware of federal preemption when a claim under the ATSA may involve a patent or patent application. However, "the mere presence of the patent does not create a substantial issue of patent law."[117] In fact, the Supreme Court held in *Kewanee Oil Co. v. Bicron Corp.* that

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[110] *See* ALA. CODE § 6-5-101 (2013) (Fraud); § 6-5-102 (Suppression); § 6-5-260 (Conversion).

[111] In *IMED*, the Alabama Supreme Court held that the ALI's comments to the Act were not enacted or drafted by the legislature, and—where the comments conflicted with the language of the ATSA—the court would follow the ATSA. IMED Corp. v. Sys. Eng'g Assocs. Corp., 602 So. 2d 344, 348 (Ala. 1992).

[112] Long, *supra* note 11, at 562.

[113] The court never analyzed whether the conversion claim was displaced, but it allowed the conversion claim to go forward even though, in the paragraph directly above, the court found that the breach of fiduciary duty claim was displaced. *Bell Aerospace*, 690 F. Supp. 2d at 1276–77.

[114] *Id.*

[115] BLACK'S LAW DICTIONARY 313 (9th ed. 2009).

[116] *See* ALA. CODE § 6-5-101 (2013) (Fraud); § 6-5-102 (Suppression); § 6-5-260 (Conversion).

[117] Uroplasty, Inc. v. Advanced Uroscience, Inc., 239 F.3d 1277, 1280 (Fed. Cir. 2001).

"[n]either complete nor partial pre-emption of state trade secret law is justified."[118]

In *Kewanee Oil*, the Court considered several factors in arriving at this conclusion. First, the objective of federal patent law to encourage inventions is not in conflict with state trade secret laws that also offer an incentive to invent.[119] Second, because a trade secret, by definition, has not been placed in the public domain, "the policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection."[120] Third, state trade secret laws protect non-economic state interests that are outside the interests addressed by the federal patent laws.[121]

> Nothing in the patent law requires that States refrain from action to prevent industrial espionage. In addition to the increased costs for protection from burglary, wire-tapping, bribery, and the other means used to misappropriate trade secrets, there is the inevitable cost to the basic decency of society when one firm steals from another. A most fundamental human right, that of privacy, is threatened when industrial espionage is condoned or is made profitable; the state interest in denying profit to such illegal ventures is unchallengeable.[122]

Generally, preemption will not be an issue "so long as 'the veil of secrecy' continues to shroud an idea."[123] Further, "'[t]he fact that [the defendant] improperly secured [a] patent and used this patent to obtain incremental profits' can be properly used as evidence to show misappropriation of a trade secret and the extent of the plaintiff's resulting damages without suggesting that '[t]he right involved . . . is . . . patent-like at all.'"[124] The key point is that a trade secrets claim will likely be preempted if the plaintiff is seeking "a royalty-like award premised on defendant's making, using, offering to sell, or selling [a] . . . discovery after the plaintiff makes the discovery available to the public."[125] Preemption is also likely when a court issues an injunction that may prohibit a party from making, using, offering to sell or selling a trade secret that is also embodied

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[118] 416 U.S. 470, 492 (1974).
[119] *Id.* at 484.
[120] *Id.*
[121] *Id.* at 487.
[122] *Id.*
[123] Russo v. Ballard Med. Prods., 550 F.3d 1004, 1013 (10th Cir. 2008) (quoting Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 149 (1989)).
[124] *Id.* at 1015 (alteration in original) (quoting Univ. of Colo. Found., Inc. v. Am. Cyanamid Co., 342 F.3d 1298, 1306 (Fed. Cir. 2003)).
[125] Ultra-Precision Mfg., Ltd. v. Ford Motor Co., 411 F.3d 1369, 1380 (Fed. Cir. 2005).

in a patent.[126] Such an injunction likely directly conflicts with federal law because it seeks to regulate the use of information that has already entered the public domain through the patent process.[127]

Finally, there is a split in authorities as to whether the misappropriator can be held liable for the use of the trade secret once the plaintiff has placed the trade secret in the public domain.[128] The Second Circuit "holds that once a trade secret has been disclosed through the issuance of a patent, what is disclosed may be used not only by the general public, but also by a person charged with wrongly appropriating the trade secret prior to the patent disclosure."[129] The Sixth and Seventh Circuits, however, hold that "a person misappropriating a trade secret may be held liable for the wrongful use of the trade secret even after the issuance of a patent because 'by its inequitable conduct the [misappropriator] has precluded itself from enjoying the rights of the general public to the patent disclosure.'"[130] Alabama, however, has never directly dealt with this issue, and it is unclear what the courts will decide.

VI. LIMITATIONS ON THE DISCOVERY OF TRADE SECRETS.

The ATSA also has potential application in non-trade secret cases in the discovery context. The Alabama Rules of Civil Procedure provide that a court "may make any order that justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, including . . . that a trade secret or other confidential research, development, or commercial information not be disclosed or be disclosed only in a designated way."[131] In determining what constitutes a trade secret for purposes of Rule 26(c)(7), Alabama courts have looked to the ATSA's definition of a trade secret.[132]

In *Ex parte Miltope*, the Alabama Supreme Court stated that "[t]rade secrets should receive greater protection from discovery because they 'derive[] economic value from being generally unknown and not readily ascertainable by the public.'"[133] As a result,

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[126] Evans v. Gen. Motors, Corp., 976 A.2d 84, 94 (Conn. Super. Ct. 2007).
[127] *Id.* at 95.
[128] *Id.* at 94.
[129] *Id.* (citing Timely Prods. Corp. v. Arron, 523 F.2d 288, 288 (2d Cir. 1975)).
[130] *Id.* (quoting Shellmar Prods. Co. v. Allen-Qualley Co., 87 F.2d 104, 108 (7th Cir. 1936)).
[131] ALA. R. CIV. P. 26(c)(7).
[132] *See Ex parte* W.L. Halsey Grocery Co., 897 So. 2d 1028, 1034 (Ala. 2004); *Ex parte* Miltope Corp., 823 So. 2d 640, 644 (Ala. 2001).
[133] *Ex parte Miltope*, 823 So. 2d at 645 (quoting Nester v. Lima Mem'l Hosp., 745 N.E.2d 1153, 1157 (Ohio Ct. App. 2000)).

the court granted the defendant's petition for a writ of mandamus, and found that the trial court abused its discretion in compelling the defendant to produce its trade secrets because of the risk of harm to the defendant even though the trial court's order limited the disclosure to a few specific people.[134] Likewise, in *W.L. Halsey*, the court granted the plaintiff's petition for a writ of mandamus finding that the trial court's order did not provide sufficient protections for the plaintiff's trade secrets.[135]

When it comes to the discovery of trade secrets, the Alabama Supreme Court has been willing to accept petitions for writs of mandamus because as the court noted: '"Once the information becomes available through the discovery process, a subsequent appeal, even if successful, cannot restore the valuable secretive nature [of the trade secret]."'[136] This does not, however, mean that courts should prohibit discovery of trade secrets material to the case; instead, in most cases, the court should ensure that the protections in place are sufficient to protect the secrecy of the disclosing party's trade secrets.[137]

VII. CONCLUSION

The ATSA provides unique opportunities to litigants. This is particularly true in regards to its damages provisions. The ATSA gives plaintiffs the option of a combination of any of the three listed remedies, and the remedy for the benefit to the misappropriator greatly lessens the plaintiff's typical burden of proving damages.[138] There are, however, still many ambiguities to the ATSA that the courts have yet to address. Given the ATSA's recent popularity, courts will soon have greater opportunities to address these ambiguities and provide further clarity to the ATSA.

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[134] *Id.* at 645–46.
[135] *Ex parte W.L. Halsey*, 897 So. 2d at 1035.
[136] *Ex parte Miltope*, 823 So. 2d at 645 (quoting *Nester*, 745 N.E.2d at 1157).
[137] *Ex parte W.L. Halsey*, 897 So. 2d at 1035.
[138] ALA. CODE § 8-27-4 (2013).