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Provisional Injunctive Relief Under the UTSA and the DTSA in Federal Court New Product Cases

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Provisional Injunctive Relief Under the UTSA and the DTSA in Federal Court New Product Cases

*Richard F. Dole, Jr.**

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I. INTRODUCTION

The state-enacted Uniform Trade Secrets Act (UTSA)¹ reformulates the elements of the tort of trade secret misappropriation and preempts duplicative noncontractual remedies in an enacting state.² The UTSA initially was adopted in 1979 and amended in 1985³ by the Uniform Law Commission.⁴ The Commission reports the UTSA as having been enacted in forty-eight states.⁵

In 1996, President Clinton signed the Economic Espionage Act (EEA),⁶ the first significant federal statute criminalizing trade secret theft.⁷ Notwithstanding expansive language and severe criminal penalties,⁸ the EEA has been sparingly used by the U.S. Justice Department.⁹ A 2012 analysis found approximately 124 prosecutions in the sixteen years since enactment, an av-

1. Unif. Trade Secrets Act §§ 1–12, 14 U.L.A. 529–659 (2005), 108–66 (Supp. 2018). Decisions under state enactments of the UTSA are identified in the footnotes.
2. 14 U.L.A. § 7(a) at 651; *see generally* Richard F. Dole, Jr., *Preemption of Other State Law by the Uniform Trade Secrets Act*, 17 SMU SCI. & TECH. L. REV. 95 (2014).
3. *See* Dole, *supra* note 2, at 98.
4. *See Overview*, UNIF. LAW COMM’N, <https://www.uniformlaws.org/aboutulc/overview> (last visited Apr. 7, 2021) (The Uniform Law Commission was organized in 1892 to promote desirable and practicable uniformity in state law. Commissioners are appointed by every state, the District of Columbia, and Puerto Rico).
5. *See Legislative Bill Tracking*, UNIF. LAW COMM’N, <https://www.uniformlaws.org/committees/community-home?CommunityKey=3a2538fb-e030-4e2d-a9e2-90373dc05792> (last visited Apr. 7, 2021) (The UTSA has yet to be enacted in New York or North Carolina but has been adopted in the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Widespread enactment of the UTSA has been a factor in the increased importance of trade secret law). David S. Almeling, *Seven Reasons Why Trade Secrets Are Increasingly Important*, 27 BERKELEY TECH. L.J. 1091, 1106 (2012) (“Reason No.4: . . . [W]idespread adoption of the UTSA has increased awareness of trade secret law . . .”).
6. Economic Espionage Act, Pub. L. No. 104-294, 110 Stat. 3488 (1996) (codified as amended at 18 U.S.C. §§ 1831-1839 (2013)).
7. JAMES POOLEY, TRADE SECRETS § 2.05 (2017 & Supp. 2018).
8. Violation of Section 1831, the economic espionage provision, for example, can subject an individual defendant to a fine of up to \$5,000,000, fifteen years imprisonment, or both. *See* 18 U.S.C. § 1831(a) (2016). An organization defendant can be fined the greater of \$10,000,000 or three times the value of the stolen trade secret to the organization, including costs saved. *Id.* § 1831 (b).
9. Richard F. Dole Jr., *The Contract Exception to the Uniform Trade Secrets Act and Its Implications for the Federal Defend Trade Secrets Act*, 34 SANTA CLARA HIGH TECH. L.J. 362, 383 (2018).

erage of less than eight a year.¹⁰ The sparse number of annual prosecutions suggested that the EEA had not been a major deterrent to trade secret theft.¹¹ Moreover, congressional testimony indicated that serious trade secret misappropriation continued to occur.¹² The result was the enactment of the federal Defend Trade Secrets Act (DTSA) on May 11, 2016.¹³ The new federal statute amended the EEA by adding a private civil remedy, and conforming the EEA definition of trade secret to the UTSA definition.¹⁴

The centerpiece of the DTSA is the creation of a federal private civil action for trade secret misappropriation involving a product or a service used in or intended for use in interstate or foreign commerce.¹⁵ Most of the federal private remedies, including the injunctive provisions, are derived from the UTSA.¹⁶ However, there is a novel private remedy and a new defense to liability.¹⁷ In extraordinary circumstances, a court can approve an *ex parte* application for seizure of property to prevent the propagation or dissemination of a trade secret.¹⁸ Second, special “whistle blower” provisions create civil and criminal immunity under federal and state law for confidentially disclosing a trade secret to a federal, state, or local official and to a person’s

10. Peter J. Toren, *An Analysis of Economic Espionage Act Prosecutions: What Companies Can Learn From It and What the Government Should be Doing About It!*, 84 BNA PAT., TRADEMARK & COPYRIGHT J. 884, 885 (2012).
11. *Id.* at 886 (“[E]nhancing the certainty of punishment produces a stronger deterrent effect than enhancing the severity of punishment.”).
12. *See, e.g.*, H.R. REP. NO. 114-529, at 3 (2016) (“General Keith Alexander, former head of the National Security Agency and U.S. Cyber Command, estimated that U.S. companies lose \$258 billion per year due to theft of their intellectual property.”).
13. Defend Trade Secrets Act, Pub. L. No. 114-153, §§ 1–7, 130 Stat. 376–86 (2016).
14. § 2, 130 Stat. at 380 (codified as amended at 18 U.S.C. § 1839(3)(B) (2016)). This amendment conformed the EEA definition of trade secret with the UTSA definition by requiring that a trade secret derive economic value from not being generally known to, and not being readily ascertainable by proper means by, persons who can derive economic value from its disclosure or use. *Id.*
15. § 2, 130 Stat. at 376 (codified as amended at 18 U.S.C. § 1836(b)(1) (2016)). The phrasing of the interstate or foreign commerce nexus for federal court jurisdiction is identical to the phrasing of the EEA criminal trade secret theft provision. *See* S. REP. NO. 114-220, at 12 (2016); H.R. REP. NO. 114-529, at 9 (2016).
16. The injunctive and damage provisions are “drawn directly” from the UTSA; whereas the exemplary damages and award of attorney’s fees provisions are “similar to” and “modeled on” the UTSA. S. REP. NO. 114-220, at 8–9; H.R. REP. NO. 114-529, at 12–13.
17. 18 U.S.C. § 1836(b)(2)(A)(i) (2016).
18. *Id.*

own attorney in order to report or to aid the investigation of a suspected law violation.¹⁹

The UTSA and DTSA injunctive provisions are short, conventional, and discretionary. UTSA Section 2(a), for example, begins “Actual or threatened misappropriation may be enjoined.”²⁰ Its counterpart DTSA Section 1836(b)(3)(A)(i) provides:

[A] court may –
 (A) grant an injunction –
 (i) to prevent any actual or threatened misappropriation
 . . . on such terms as the court deems
 reasonable. . . .²¹

Yet an empirical study of 486 federal cases filed in the first year of the DTSA found that a temporary restraining order or preliminary injunction was issued approximately eighteen percent more frequently than in an empirical study of 394 federal district court cases in which a written opinion was issued prior to the enactment of the DTSA.²² This Article explores federal court provisional injunctive relief with respect to trade secrets developed in researching new products in driverless vehicle litigation under the UTSA and the DTSA.²³ In this litigation, contractual restraints upon competition imposed upon existing employees can be justified by an employer’s factual

19. *See id.* § 1833(b)(1)(A).

20. Unif. Trade Secrets Act § 2(a), 14 U.L.A. 619 (2005).

21. § 1836(b)(3)(A)(i).

22. David S. Levine & Christopher B. Seaman, *The DTSA at One: An Empirical Study of the First Year of Litigation Under the Defend Trade Secrets Act*, 53 WAKE FOREST L. REV. 105, 149–50 (2018) (plaintiff prevailed fifty-eight percent of the time that the court reached a decision). The prior empirical study was David S. Almeling et al., *A Statistical Analysis of Trade Secret Litigation in Federal Courts*, 45 GONZ. L. REV. 291, 313 (2010) (plaintiff prevailed 41.6 percent of the time that the court reached a decision).

23. *See, e.g.*, *WeRide Corp. v. Kun Huang*, 879 F. Supp. 3d 834, 840–41, 845–49, 851–55 (N.D. Cal. 2019); *Waymo LLC v. Uber Techs., Inc.*, No. C 17-00939 WHA, 2017 WL 2123560, at *1 (N.D. Cal. May 11, 2017). Trade secret law is better suited than patent law to protect trade secrets in areas of rapid technological development. *See generally* Jessica M. Meyers, *Artificial Intelligence and Trade Secrets*, LANDSLIDE, Jan./Feb. 2019, at 17, 19–20; *see also* Joel Rosenblatt & Mark Gurman, *Ex-Apple Employee Stole Secrets for Chinese Firm, U.S. Says*, 32 WORLD INTELLECTUAL PROPERTY REPORT 4, 4 (2018) (discussing *United States v. Xiaolang Zhang*, a criminal case under the federal Economic Espionage Act against a former Apple hardware engineer who allegedly downloaded Apple confidential business information about Apple’s self-driving vehicle technology).

need to protect the trade secrets developed in its research,²⁴ and are not per se invalid.²⁵

II. FEDERAL RULE OF CIVIL PROCEDURE 65²⁶

A. Procedural Requirements

There are two general types of injunctive relief.²⁷ Permanent injunctions are issued after a trial on the merits;²⁸ whereas provisional injunctions are issued prior to trial on the merits to preserve the situation that existed before alleged wrongdoing occurred.²⁹ In a trade secret case, a provisional injunction preserves the situation that existed prior to the defendant's alleged misappropriation.³⁰ As last amended in 2007, Federal Rule of Civil Procedure 65 (Federal Rule 65) applies to both provisional and permanent injunctions in the federal courts and in states that have adopted the substance of Federal Rule 65.³¹ Due to the lack of UTSA and DTSA procedural provisions dealing with provisional injunctive relief, and the absence of a Federal Rule 65 exclusion,³² Federal Rule 65 applies in UTSA and DTSA federal court cases.³³

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24. *See, e.g.,* Bennett v. Storz Broadcasting, Co., 134 N.W.2d 892, 898 (1965) (“[T]he right of defendant [employer] to interfere with plaintiff [former employee’s] attempt to better his employment may be justified where the interference is made in good faith in an attempt to assert a legally protected interest.”) (dictum).
 25. *Id.* at 900–01 (reversing summary judgment for defendant former employer).
 26. FED. R. CIV. P. 65.
 27. Amoco Prod. Co. v. Village of Gambell, 480 U.S. 531, 546 n.12 (1987); Goto.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1210 (9th Cir. 2000).
 28. Amoco, 480 U.S. at 546 n.12 (“The standard for a preliminary injunction is essentially the same as for a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success.”).
 29. Goto.com, 202 F.3d at 1210 (“The status quo ante litem refers not simply to any situation before the filing of a lawsuit, but instead to the ‘last uncontested status which preceded the pending controversy.’”).
 30. *See id.* (“In this case [an action for trademark infringement], the status quo ante existed before Disney began using its allegedly infringing logo.”).
 31. FED. R. CIV. P. 65.
 32. The expressly excluded proceedings are employer and employee (but not employer and former employee) actions in which provisional relief is sought, interpleader actions and the like, and actions that must be heard by a three-judge federal district court. FED. R. CIV. P. 65(e).
 33. The Colorado case of *Bishop & Co. v. Cuomo* states:

The Uniform Trade Secrets Act neither sets forth explicitly detailed procedure nor suggests in any way that it is defining something other than an adversarial civil action. The section at issue here, § 7-74-103 . . . [n]either

Federal Rule 65(a)–(c) deal with temporary restraining orders and preliminary injunctions respectively—the two types of provisional injunctive relief; whereas Federal Rule 65(d)–(f) apply to both provisional and permanent injunctions.³⁴ Federal Rule 65 focuses on procedural safeguards against abuse of the Injunctive remedy.³⁵

Unless renewed for a like period for good cause or the opposing party consents, a temporary restraining order that is issued on motion for cause without notice to the opposing party must expire no later than fourteen days after entry,³⁶ must be accompanied by an affidavit or a verified complaint with specific facts clearly showing that immediate and irreparable injury will result to the movant before the adverse party can be heard and by a written certification by the movant’s attorney of the efforts to give prior notice and the reasons why prior notice should not be required.³⁷ On two days’ notice to the party that obtained a temporary restraining order without notice—or shorter notice approved by the court—the adverse party can appear and move to dissolve or to modify the order.³⁸ The court is to rule upon the adverse party’s motion as soon as justice requires.³⁹

A preliminary injunction ordinarily cannot be issued without notice of a prior hearing.⁴⁰ Timely notice is served at least fourteen days prior to the hearing date.⁴¹ A court has discretion to shorten the notice period.⁴² But, if the notice period is shortened, the court must set the hearing date as soon as

conflicts with C.R.C.P. 65 nor is sufficiently detailed to suggest that the General Assembly intended to displace the rule.

See, e.g., Bishop & Co. v. Cuomo, 799 P.2d 444, 446 (Colo. App. 1990) (Colorado enactment). The general adequacy of Rule 65 relief explains the extremely limited grant of ex parte seizure during the first year of the DTSA. The ex parte seizure remedy created by the DTSA does not apply if a temporary restraining order or a preliminary injunction would provide adequate relief. *See* 18 U.S.C. § 1836(b)(2)(A)(ii)(I) (2016); Levine & Seaman, *supra* note 22, at 150. *See, e.g.,* Arb Labs, Inc. v. Woodard, No. 2:19-cv-00116-JAD-PAL, 2019 WL 332404, at *1–3 (D. Nev. Jan. 25, 2019) (not officially reported) (temporary restraining order granted; writ of seizure denied).

34. FED. R. CIV. P. 65.
35. 11A CHARLES A. WRIGHT ET AL., FEDERAL PRACTICE & PROCEDURE § 2941 (2013 & Supp. 2018).
36. FED. R. CIV. P. 65(b)(2).
37. *Id.* at 65(b)(1).
38. *Id.* at 65(b)(4).
39. *Id.*
40. *Id.* at 65(a)(1).
41. *Id.* at 65(c).
42. FED. R. CIV. P. 65(b)(4).

possible.⁴³ A preliminary injunction may or may not have an express expiration date,⁴⁴ but invariably is reconsidered after resolution of the merits.⁴⁵ With respect to both types of provisional relief, the movant is required to provide sufficient security to reimburse the costs and damages of a party wrongfully enjoined.⁴⁶

B. Discretionary Requirements

A court has discretion whether to issue an injunction under the UTSA and the DTSA.⁴⁷ A multifactor test typically guides the exercise of discretion by a federal judge with respect to both provisional and final injunctions.⁴⁸ In *Winter v. National Resources Defense Council, Inc.*,⁴⁹ the United States Supreme Court summed up the commonly-used factors with respect to grant of a preliminary injunction: “A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.”⁵⁰ The first factor is irrelevant with respect to a permanent injunction, which is issued after a plaintiff has prevailed at trial.⁵¹ After misappropriation of a trade secret is proven, a court may be willing to presume that continued misappropriation will cause irreparable harm.⁵²

43. *Id.* at 65(b)(3).

44. *Compare* *Lamb-Weston, Inc. v. McCain Foods, Ltd.*, 941 F.2d 970, 974–75 (9th Cir. 1991) (affirming a preliminary injunction of eight months), *with* *K-2 Ski Co. v. Head Ski Co.*, 506 F.2d 471, 474–75 (9th Cir. 1974) (a preliminary injunction without an express limitation on duration lasted twenty-seven months). If a case remains pending, a preliminary injunction with an express expiration date, of course, can be renewed.

45. *See* *Univ. of Tex. v. Camenisch*, 451 U.S. 390, 395 (1981) (“A party . . . is not required to prove his case in full at a preliminary injunction hearing . . . and the findings of fact and conclusions of law made by a court granting a preliminary injunction are not binding at trial on the merits.”).

46. FED. R. CIV. P. 65(c).

47. *See supra* notes 20–21 and accompanying text.

48. *Winter v. Nat. Res. Def. Council*, 555 U.S. 7, 20 (2008).

49. *Id.*

50. *Id.*

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

52. *See* POOLEY, *supra* note 7, § 7.03 (“[O]nce the misappropriation has been proved there is a tendency to presume that future harm will be irreparable.”). But whether the threatened injury to the plaintiff outweighs the harm that a

Winter left open whether all four factors must be independently satisfied to the same extent or can be applied on a sliding scale basis with a stronger showing upon one factor compensating for a weaker showing upon another.⁵³ In *Alliance for the Wild Rockies v. Cottrell*,⁵⁴ for example, the Ninth Circuit held that a balance of hardship that tips sharply in the plaintiff's favor can enable a plaintiff that shows there is a likelihood of irreparable injury and that an injunction is in the public interest to obtain provisional relief by showing a likelihood of "serious questions going to the merits" rather than a likelihood of success on the merits.⁵⁵

Some courts consider that demonstrating irreparable harm is the most important prerequisite to the issue of a preliminary injunction or a temporary restraining order.⁵⁶ Characteristics of irreparable harm include: the harm must be foreseeable in the imminent future and not be compensable adequately with damages.⁵⁷ A plaintiff's unjustifiable delay in seeking provisional injunctive relief can be evidence that the harm at issue is not imminent.⁵⁸

permanent injunction would do to the defendant and whether a permanent injunction would be in the public interest remain highly relevant to whether a permanent injunction should issue. *See id.* ("The rules . . . with respect to provisional injunctive relief generally apply also at trial.").

53. *See Winter*, 555 U.S. at 51 (Ginsburg, J. dissenting, joined by Souter, J.) ("This Court has never rejected [the sliding scale] formulation, and I do not believe it does so today.").
54. *All. for the Wild Rockies v. Cottrell*, 632 F.3d 1127, 1127 (9th Cir. 2011). *See generally* Bethany M. Bates, *Reconciliation After Winter: The Standard for Preliminary Injunctions in Federal Courts*, 111 COLUM. L. REV. 1522, 1522 (2011).
55. *Cottrell*, 632 F.3d at 1134–35; *accord*, *Waymo LLC v. Uber Technologies, Inc.*, No. C 17-00939 WHA, 2017 WL 2123560, at *6 (N.D. Cal. May 11, 2017).
56. *See, e.g., EarthWeb, Inc. v. Schlack*, No. 99-9302, 2000 WL 1093320, at *2 (2d Cir. May 18, 2000) (not officially reported) ("[T]he irreparable harm requirement is the 'single most important prerequisite for the issuance of a preliminary injunction.'").
57. *See, e.g., Gtat Corp. v. Fero*, CV 17-55-M-DWM, 2017 WL 2303973, at *6 (D. Mont. Mar. 25, 2017) (not officially reported) (past loss of a single sale could be compensated with damages and did not justify a preliminary injunction; temporary restraining order terminated).
58. *See, e.g., TDBBS LLC v. Ethical Prods. Inc.*, No. CV-19-01312-PHX-SMB, 2019 WL 979944, at *1, *4–5 (D. Ariz. Feb. 28, 2019) (not officially reported) (five months ago the plaintiff filed a related case and never joined the defendant waiting an additional three months to file this case and seek emergency relief against, inter alia, an imminent trade show) (temporary restraining order denied).

The Supreme Court majority in *Winter* emphasized that a “likelihood” is more than a “possibility.”⁵⁹ A contractual stipulation that breach of a confidentiality agreement will cause monetary loss that will be difficult, if not impossible to measure, accordingly is not dispositive without supporting record evidence.⁶⁰ A characteristic of the driverless vehicle cases is that the lack of commercialization of driverless vehicles makes the damages from misappropriation likely to be speculative and the remedy at law inadequate,⁶¹ satisfying this basic justification for provisional injunctive relief.⁶² A statute must require issue of an injunction to redress a statutory violation to create a presumption of irreparable harm that precludes the exercise of judicial discretion with respect to provisional relief.⁶³

Both the UTSA and the DTSA merely authorize injunctions.⁶⁴ Injunctive relief is discretionary and not mandatory under both statutes.⁶⁵ The likelihood of future irreparable harm must be shown to obtain provisional injunctive relief under them.⁶⁶

59. *Winter v. Nat'l. Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008).

60. *See, e.g.*, *Midwest Sign & Screen Printing Supply Co. v. Dalpe*, 386 F. Supp. 3d 1037, 1055–57 (D. Minn. 2019) (contractual acknowledgement of irreparable harm not supported sufficiently by record evidence). *But see* *Capstone Logistics Holdings, Inc. v. Navarrete*, No. 17-cv-4819, 2018 WL 6786338, at *34 (S.D.N.Y. Oct. 25, 2018) (alternative holding) (not officially reported) (“Lastly, Defendants’ agreement that a violation of their respective covenants would result in irreparable harm supports a finding that allowing them to breach their agreements would cause such harm.”).

61. *See* *Waymo LLC v. Uber Techs., Inc.*, No. C 17-00939 WHA, 2017 WL 2123560, at *11 (N.D. Cal. May 11, 2017) (“It would likely be futile to attempt, after the fact, to estimate the monetary value of injury suffered from either the loss of Waymo’s competitive position in this nascent industry or the destruction of trade secrets pertaining to same.”).

62. *See supra* note 46 and accompanying text. However, actual future irreparable damage need not be shown. *Gtat Corp.*, 2017 WL 2303973, at *6. The other basic justifications are: (1) likelihood of success on the merits; (2) equities balancing in the plaintiff’s favor; and (3) preliminary relief being in the public interest. *First W. Cap. Mgmt. Co. v. Malamed*, 874 F.3d 1136, 1141 (10th Cir. 2017).

63. *Malamed*, 874 F.3d at 1142 (“[U]nless a statute *clearly mandates* injunctive relief . . . , the courts are to employ traditional equitable considerations, (including irreparable harm)’”); *accord*, *DTC Energy Grp., Inc. v. Hirschfeld*, 912 F.3d 1263, 1270–1274 (10th Cir. 2018) (plaintiff failed to prove future irreparable harm from misappropriation).

64. *Malamed*, 874 F.3d at 1140.

65. *Id.* at 1142.

66. *Id.* at 1142–43.

III. THE WAYMO CASE

A. Background

*Waymo LLC v. Uber Technologies, Inc.*⁶⁷ is a federal court case that was filed in the DTSA's first year. The case was filed on February 23, 2016, alleging violation of Waymo's rights under the California enactment of the UTSA, the DTSA, and federal patent law.⁶⁸ Federal District Judge Alsup of the Northern District of California found the patent claims wanting⁶⁹ but granted "narrow and carefully-tailored relief"⁷⁰ with respect to the trade secret claims under the traditional *Winter* tests for provisional relief.⁷¹ Judge Alsup implied that the result would be the same under both the California enactment of the UTSA and the DTSA.⁷²

Waymo, a subsidiary of Google's parent company Alphabet,⁷³ and Uber, the ride-sharing company, competed in developing self-driving vehicles using custom, in-house Light Detection and Ranging (LiDAR) technol-

67. No. C 17-00939 WHA, 2017 WL 2123560, at *1. (N.D. Cal. May 11, 2017).

68. *See id.* at *7 ("Waymo brings misappropriation claims under the California Uniform Trade Secrets Act and the federal Defend Trade Secrets Act, both of which offer essentially the same definitions for our purposes."). The DTSA applies to misappropriation that began before its enactment and continued thereafter. *See, e.g.,* Syntel Sterling Best Shores Mauritius, Ltd. v. Trizetto Grp., Inc., No. 1-15 CV-211, 2016 WL 5338550, at *6 (S.D.N.Y. Sept. 23, 2016) (not officially reported). *See also* Genentech, Inc. v. JHL Biotech, Inc., No. C 18-06582 WHA, 2019 WL 1045911, at *8-9 (N.D. Cal. Mar. 1, 2019) (the DTSA applies to misappropriation that began prior to its enactment and continued after enactment). The patent claims proved meritless. *Waymo LLC*, 2017 WL 2123560, at *1. Another side issue that was rejected was Uber's assertion that Waymo was required to arbitrate the dispute by arbitration clauses in two contracts with Levandowski, a former Waymo employee and a co-defendant. *Waymo LLC v. Uber Techs., Inc.*, 870 F.3d 1342, 1349-50 (Fed. Cir. 2017) (arbitration not required).

69. *Waymo*, 2017 WL 2123560, at *6.

70. *Id.* at *1.

71. *Id.* at *6 ("Waymo has established all four *Winter* factors"). *See supra* notes 48-50 and accompanying text (discussing the *Winter* factors).

72. The court observed that both statutes had "essentially the same" definitions of misappropriation and trade secret. *Waymo*, 2017 WL 2123560, at *7. Undisplaced FED. R. CIV. P. 65 accordingly applied. During the DTSA's first year, eighty-four percent of the federal cases also contained another count of the complaint asserting violation of the applicable state trade secret law. Levine & Seaman, *supra* note 22, at 143 (which typically was the state enactment of the UTSA). These cases frequently were decided under both statutes after the courts observed that their definitions were essentially the same.

73. Michael Mattioli, *Autonomy in the Age of Autonomous Vehicles*, 24 B.U.J. SCI. & TECH. L. 277, 287 (2018).

ogy that helps self-driving vehicles “see” their surroundings.⁷⁴ Anthony Levandowski (Levandowski) was Waymo’s star engineer.⁷⁵ Waymo had a password-protected repository of confidential business information with respect to its self-driving vehicle research that could be accessed only by special encrypted software that authenticated all ingress and egress by a periodically-audited list of authorized users.⁷⁶ These protective steps enabled Waymo to prove that Levandowski had used his Waymo computer to download over 14,000 files from the repository on December 11, 2015.⁷⁷

Without prior notice, on January 27, 2016, Levandowski resigned from Waymo.⁷⁸ Waymo filed suit against Uber, Levandowski, and two corporations formed by Levandowski to conduct driverless vehicle research on February 23, 2016.⁷⁹ On April 11, 2016, Uber and Levandowski executed a joint defense agreement with respect to Waymo’s lawsuit.⁸⁰ In August 2016, Uber agreed to acquire the two corporations formed by Levandowski for approximately \$680 million dollars in stock and to hire Levandowski to head its self-driving vehicle team.⁸¹

Levandowski blocked Waymo’s efforts to learn how he had used the over 14,000 downloaded files by asserting the Fifth Amendment privilege against self-incrimination.⁸² Uber did not deny that Levandowski had made the downloads, that Uber had negotiated to acquire Levandowski’s corporations both before and after Levandowski left Waymo, and that Uber had anticipated resulting litigation by Waymo.⁸³ But Uber introduced no evidence that it had required Levandowski to commit not to use the downloaded files on Uber’s behalf.⁸⁴

Uber’s main defense was that multiple searches had failed to find any of the downloaded files on Uber’s servers.⁸⁵ Yet the downloaded files had not been returned to Waymo and Uber had hired Levandowski and acquired his

74. *Waymo*, 2017 WL 2123560, at *1.

75. *Id.*

76. *Id.* at *2.

77. *Id.*

78. *Id.*

79. *Id.* at *4.

80. *Waymo*, 2017 WL 2123560, at *3.

81. *Id.*

82. *Id.* at *4. Levandowski invoked the Fifth Amendment more than four hundred times during a six-hour deposition. Avery Minor, *The Defend Trade Secrets Act: Will the Landark Waymo v. Uber Case Give It Teeth?*, 2017 B.C. INTELL. PROP. & TECH. F. 1, 2.

83. *Waymo*, 2017 WL 2123560, at *4.

84. *Id.*

85. *Id.*

corporations when Uber likely either knew or should have known that Levandowski had downloaded the files without Waymo's permission.⁸⁶

Waymo requested that Judge Alsup draw negative inferences from Levandowski's assertion of a Fifth Amendment privilege against self-incrimination and Uber's extensive claims of attorney-client privilege and infer that copies of the over 14,000 downloaded files had remained in Levandowski's possession and that Levandowski had used, on behalf of Uber, downloaded files including Waymo's list of 121 trade secrets.⁸⁷ But Judge Alsup chose to decide Waymo's motion upon the basis of the record and reasonable inferences.⁸⁸ He considered that drawing negative inferences was inappropriate for at least three reasons: (1) Waymo both had conducted expedited discovery, which is more limited than ordinary discovery, and insisted that its motion for a preliminary injunction be heard and decided quickly; (2) Waymo's claim of 121 statutory trade secrets had not been proven; and (3) if Waymo subsequently proved that statutory trade secrets were likely to have been downloaded, additional provisional relief could be granted.⁸⁹ The Judge also concluded that Waymo had satisfied the four *Winter* factors and was entitled to a limited preliminary injunction.⁹⁰

Waymo had shown that the downloaded files included possible statutory trade secrets that had been used by the defendants of which the Judge gave

86. *Id.* at *5. At one point, Judge Alsup speculated that Uber might seek discovery from other driverless car companies of their trade secrets. *Waymo LLC v. Uber Techs., Inc.*, No. 17-CV-009390-WHA, 2017 WL 3581171, at *2 (N.D. Cal. Aug. 18, 2017). In response, Uber served third party-subpoenas on non-party competitors Aurora Innovation Inc. and Nuro, Inc. and former Waymo employees Christopher Urmson and David Ferguson, their respective founders. *Id.* at *1. The four nonparties moved to quash the nonparty subpoena with respect to their use of LiDAR and the motion was granted by a federal magistrate, who commented in part:

Uber's attempt to subpoena a non-party competitor's technical trade secrets so it can compare that technology to Waymo's asserted trade secrets is unprecedented. It does not cite a single trade secret case that has allowed such discovery, and for good reason. To permit such discovery would mean in every trade secret case every industry participant's trade secrets would be subject to compelled disclosure so that a defendant could fish around to determine whether the competitor's trade secrets are similar to the plaintiff's and therefore the plaintiff's trade secrets somehow [are] not secret.

Waymo, 2017 WL 3581171, at *2. This aspect of the *Waymo* case explains why third-party subpoenas of a nonparty competitor's trade secrets are not typically available to a defendant in a trade secret misappropriation case.

87. *Waymo*, 2017 WL 2123560, at *5.

88. *Id.*

89. *Id.* at *5-6.

90. *Id.* at *6.

two highly-redacted examples.⁹¹ Moreover, Uber’s use of Waymo’s statutory trade secrets was “virtually untraceable” and Waymo’s statutory trade secrets could be destroyed by disclosures in Uber’s state regulatory filings.⁹² Finally, due to the absence of a self-driving vehicle market, Waymo’s future monetary loss from Uber’s misappropriation was likely to be speculative.⁹³ Waymo could prove the likelihood of future irreparable harm on a new product theory. Waymo’s possible rights in statutory trade secrets made provisional relief that vindicated Waymo’s intellectual property interests in the public interest. In balancing hardships, Judge Alsup refused to halt Uber’s self-driving efforts by enjoining Uber’s use of any of the 121 trade secrets claimed by Waymo.⁹⁴ But he prohibited Uber from having Levandowski work on LiDAR, which Uber already had done prior to the Judge’s order.⁹⁵ The Judge considered that the order’s limited requirements would have minimal effect on Uber’s competitive position and give maximum protection to any statutory trade secrets in the over 14,000 downloaded files.⁹⁶

Judge Alsup’s order defined “downloaded materials” as “any and all materials that Anthony Levandowski downloaded from Waymo and kept upon leaving Waymo’s employment, regardless of how long he kept them for and whether or not” the materials qualified as statutory trade secrets or protectable confidential information, like pricing strategy or a marketing plan.⁹⁷ The order, filed on May 15, 2017, required that Uber give written directions to Levandowski and to all other Uber agents not to consult, not to copy, or otherwise to use the downloaded materials, and to return all copies, excerpts, and summaries of the downloaded materials either to Waymo or the court by noon May 31, 2017.⁹⁸ Uber was ordered to remove Levandowski from any role or responsibility with respect to LiDAR and all communications with respect to LiDAR, and prohibited from using the downloaded materials in

91. *Id.* at *8–9.

92. *Id.* at *10.

93. *Waymo*, 2017 WL 2123560, at *11. In *Swarmify, Inc. v. Cloudflare, Inc.*, No. C 17-06957 WHA, 2018 WL 1142204, at *5 (N.D. Cal. Feb. 27, 2018), the plaintiff asserted that *Waymo* supported its claim that it would suffer a likelihood of irreparable damage in the absence of a preliminary injunction. However, Judge Alsup strongly disagreed. *Id.* at *6. *Swarmify* alleged that *Cloudflare* had misappropriated *Swarmify*’s trade secrets by commercializing them. *Id.* at *5. But this meant that *Cloudflare*’s unjust enrichment and *Swarmify*’s lost profits would be provable. *Id.*

94. *Id.* at *12 (“This order . . . declines, at this stage, to enjoin Uber from using even the specific asserted trade secrets on which *Waymo* has shown serious questions going to the merits.”).

95. *Id.* at *13.

96. *Id.*

97. *Id.*

98. *Id.*

any way.⁹⁹ All of Uber's agents, suppliers, consultants and customers were to be informed in writing of the order and instructed in writing to report any suspected breaches either to the special master or to the court.¹⁰⁰ Uber also was required to provide a detailed accounting under oath that identified every person who either saw or heard the downloaded materials, what they saw or heard, when they saw or heard it, and the purpose for which they saw or heard it.¹⁰¹ The accounting was to "identify the complete chain of custodians for every copy of any downloaded materials or due diligence reports referencing downloaded materials."¹⁰² The accounting must be filed by noon June 23, 2017.¹⁰³ Also, by noon June 23, 2017, Uber must provide Waymo's counsel and the court a complete chronologically-organized log of all oral and written communications in which Levandowski mentioned LiDAR to any Uber agent, supplier, or consultant.¹⁰⁴ The order became effective upon Waymo's posting \$5,000,000.00 as security for reimbursement of any unjustified damage caused by it.¹⁰⁵

Levandowski had been removed as head of Uber's self-driving vehicle project before Judge Alsup's order was issued.¹⁰⁶ Levandowski subsequently was fired by Uber for asserting the Fifth Amendment rather than providing the documents and testimony required by Judge Alsup.¹⁰⁷ Uber settled the case before trial, agreeing not to use Waymo's trade secrets and transferring Uber stock worth approximately 245 million dollars to Waymo.¹⁰⁸ The Levandowski affair was one of several scandals that led to the resignation of Uber CEO Travis Kalanick.¹⁰⁹

99. *Waymo*, 2017 WL 2123560, at *13.

100. *Id.*

101. *Id.*

102. *Id.*

103. *Id.*

104. *Id.* at *14.

105. *Waymo*, 2017 WL 2123560, at *14. No relief was ordered against Levandowski personally in order to avoid a claim of judicial coercion to waive the Fifth Amendment privilege to keep silent. *Id.* at *15 n.9 ("This order . . . threatens no sanctions against Levandowski.").

106. Mike Isaac, *Uber Executive Steps Back From Self-Driving Cars During Waymo Legal Fight*, N.Y. TIMES (Apr. 27, 2017), <https://nyti.ms/2prHaWW>.

107. Mike Isaac & Daisuke Wakabayashi, *Uber Fires Former Google Engineer at Heart of Self-Driving Dispute*, N.Y. TIMES (May 30, 2017), <https://nyti.ms/2siKx0q>.

108. Mattioli, *supra* note 73, at 287.

109. See Sofia Lotto Persio, *Uber Scandal Timeline: Why Did CEO Travis Kalanick Resign?* NEWSWEEK (June 21, 2017), <https://www.newsweek.com/why-has-uber-ceo-travis-kalanick-resigned-timeline-ride-sharing-apps-pr-woes-627802>. A derivative action also was filed against Kalanick and the Uber Board of Di-

B. Lessons from the Waymo Case**1. The Importance of the Unchallenged Evidence that Levandowski had Downloaded Without Authorization Over 14,000 Files of Waymo's Driverless Vehicle Research**

The bedrock of Waymo's case was the evidence that Levandowski had downloaded without authorization over 14,000 computer files from Waymo's password-protected repository of information with respect to driverless vehicle research that could be accessed only by special encrypted software which recorded all ingress and egress by authorized users.¹¹⁰ This type of computerized protection of trade secrets provides compelling evidence in trade secret litigation. On the other hand, the inability to discover any of the over 14,000 downloaded files on Uber's servers was not meaningful without additional evidence that the files were not otherwise available to Uber.¹¹¹

2. Judge Alsup's Refusal to Draw Negative Inferences from Levandowski's Claim Over 400 Times of the Fifth Amendment Privilege Against Self-Incrimination¹¹²

Waymo argued that Levandowski's avoidance of testimony on the merits by claiming a Fifth Amendment privilege was subject to judicial sanctions.¹¹³ The negative evidentiary inferences that Waymo requested are a potential judicial response to discovery abuse.¹¹⁴ However, in civil as well as in criminal cases, it violates the Fifth Amendment to the U.S. Constitution

rectors members who had approved hiring Levandowski. McElrath on behalf of Uber Techs., Inc. v. Kalanick, No. 2017-0888-SG, 2019 WL 1430210, at *1 (Del. Ch. Apr. 1, 2019), *aff'd sub nom.* McElrath v. Kalanick, 224 A.3d 982 (Del. 2020). The case was dismissed due to the plaintiff's failure to make a prior demand upon the Board of Directors. *Id.* at *20.

110. *See Waymo*, 2017 WL 2123560, at *2. Judge Alsup described this as "a strong showing that Levandowski absconded with over 14,000 files from Waymo, evidently to have them available to consult . . ." *Id.* at *5.

111. *See id.* at *4 ("[D]efendants' main theme has been that none of the various term searches done in expedited discovery thus far located any of the 14,000-plus files on Uber's servers . . . [I]t remains entirely possible that Uber knowingly left Levandowski free to keep that treasure trove of files as handy as he wished (so long as he kept it on his personal devices) . . .").

112. *See id.*; Minor, *supra* note 82, at *4.

113. *See Waymo*, 2017 WL 2123560, at *5.

114. *See Residential Funding Corp. v. DeGeorge Fin. Corp.*, 306 F.3d 99, 113 (2d Cir. 2002) (dictum) ("[W]here, as here, the nature of the alleged breach of a discovery obligation is the non-production of evidence, a District Court has broad discretion in fashioning an appropriate sanction, including the discretion to delay the start of a trial (at the expense of the party that breached its obliga-

for a federal judge to treat a good faith claim of the Fifth Amendment privilege against self-incrimination as an admission of wrongdoing.¹¹⁵ There was no doubt that Levandowski claimed Fifth Amendment protection in good faith. He had ample reason to consider that he had engaged in criminal theft.¹¹⁶

On the other hand, if Levandowski had destroyed and discarded his laptop's hard drive after receipt of Waymo's notice to preserve evidence relevant to its lawsuit and had so testified without providing confirming evidence, under *Zitan Technologies LLC, v. Liang Yu*,¹¹⁷ Judge Alsup would have been justified in drawing a negative inference from the defendant's unsupported testimony that the hard drive had been destroyed.¹¹⁸

The difference between the *Waymo* and *Zitan* cases is that the defendant former employee in *Zitan* provided a factual explanation for what had happened to the downloaded files; whereas Levandowski had claimed the Fifth Amendment.¹¹⁹ A good faith claim of the Fifth Amendment cannot be the subject of a judicial adverse inference.¹²⁰

tion), to declare a mistrial if trial has already commenced, or to proceed with a trial with an adverse inference instruction.”).

115. See *McCarthy v. Arndstein*, 266 U.S. 34, 40 (1924) (“The privilege . . . applies alike to civil and criminal proceedings.”); see, e.g., *Nat'l Acceptance Co. of Am. v. Bathalter*, 705 F.2d 924, 932 (7th Cir. 1983) (“It is our best judgment, . . . that even in a civil case a judgment imposing liability cannot rest solely upon a privileged refusal to admit or deny at the pleading stage. We conclude that the defendant's claim of privilege should not have been deemed an admission, and that plaintiff should have been put to its proof, either by way of evidentiary support for a motion for summary judgment or at trial.”).

116. An individual's invocation of the Fifth Amendment should be accepted by a court unless it is “*perfectly clear*” that the individual is mistaken and that his or her testimony “*cannot possibly*” have a tendency to incriminate him or her. *Hoffman v. United States*, 341 U.S. 479, 488 (1951).

117. No. 3:18-CV-00395-RCJ WGC, 2019 WL 95779, at *4 (D. Nev. Jan. 3, 2019).

118. In view of the evidence that the defendant former employee had downloaded files from the plaintiff's cloud-based account, the court commented: “There is no evidence in the record that Defendant actually possesses Plaintiff's Confidential Assets. However, this Court makes an adverse inference based on the Defendant's destruction of the hard drive to his personal computer after he was instructed to preserve all potentially relevant electronically stored information, documents, data and metadata, including his personal devices.” *Id.* The intentional destruction of evidence is a discovery abuse known as “spoliation of evidence.” *Orchestrate HR v. Trombetta*, 178 F. Supp. 3d 476, 489 (N.D. Tex. 2016) (“Spoliation of evidence ‘is the destruction or the *significant* and meaningful alteration of evidence.’”), *objections overruled sub nom.*, No. 3:13-CV-2110-KS-BH, 2016 WL 5942223 (N.D. Tex. Oct. 13, 2016).

119. *Zitan*, 2019 WL 95779, at *4.

120. See *supra* text accompanying note 115.

3. The Adequacy of Waymo's Remedy at Law

The money damages caused by the misappropriation of trade secrets pertaining to unmarketed driverless vehicles were likely to have been impossible to estimate.¹²¹ It also would have been difficult to identify the extent to which Uber had used Waymo's trade secrets.¹²² Uber claimed that Waymo's undue delay in filing suit undermined Waymo's claim of irreparable injury.¹²³ However, Uber also contended that Waymo had not proved Uber's use of the downloaded files.¹²⁴ Judge Alsup responded: "In other words, defendants contend that Waymo lacks *sufficient* evidence of use but simultaneously criticize Waymo for not suing before it had *any* evidence of use. The argument impeaches itself."¹²⁵

4. The Overbreadth of the Waymo Injunction's Protection of Information in the Downloaded Materials

The Waymo court order to Uber protected "downloaded materials," which Judge Alsup defined as including all materials downloaded by Levandowski from Waymo, "whether or not" the material was a statutory trade secret or confidential business information.¹²⁶ But Waymo had moved for preliminary relief under both the DTSA and the California enactment of the UTSA,¹²⁷ and the judge had implied that the preliminary injunction was justified under both statutes.¹²⁸ Because both the UTSA and the DTSA have elaborate statutory definitions requiring that "trade secrets"¹²⁹ derive actual or

121. Waymo LLC, v. Uber Technologies, Inc., No. C 17-00939 WHA, 2017 WL 2123560, at *11 (N.D. Cal. May 11, 2017) ("It would likely be futile to attempt, after the fact, to estimate the monetary value of injury suffered from either the loss of Waymo's competitive position in this nascent industry or the destruction of its trade secrets pertaining to the same.").

122. *Id.* ("Contrary to defendants' suggestion, it would not be an easy matter—even if Waymo prevails at trial—to simply identify and enjoin parts of defendants' technology that use Waymo's trade secrets.").

123. *Id.* ("Defendants' theory seems to be that Waymo should have sued as soon as it found evidence of Levandowski's downloads in October 2016 if not earlier.").

124. *Id.* ("A linchpin of defendants' misappropriation defense, however, is their contention that, *even now*, Waymo cannot prove its case because it lacks evidence defendants have actually *used* the 14,000-plus downloaded files.").

125. *Id.*

126. *See supra* text accompanying note 97.

127. *See supra* text accompanying note 68. Waymo also had alleged patent claims that Judge Alsup found wanting. *See supra* text accompanying note 69.

128. *See supra* text accompanying note 72.

129. *See* 18 U.S.C. § 1839(3); Unif. Trade Secrets Act § 1(4), 14 U.L.A. 538 (2005).

potential economic value from not being either generally known to or readily ascertainable by competitors and also be the subject of reasonable efforts to maintain secrecy,¹³⁰ neither statute justified including mere confidential business information that did not satisfy the statutory definition of trade secret in protected “downloaded materials.”

On the other hand, neither the UTSA nor the DTSA preempt contractual restrictions upon the dissemination of confidential business information that is not a trade secret that are enforceable under state law.¹³¹ Levandowski had signed two employment agreements with Waymo.¹³² If one or both of these agreements had contained an enforceable confidentiality clause with respect to confidential business information that was not a trade secret, the confidentiality clause would have justified extending the injunction to the confidential business information. Nevertheless, Judge Alsup’s defining protected “downloaded material” to include material that was neither a statutory trade secret nor confidential business information was unjustified.¹³³

The Judge explained the failure to limit the injunction to statutory trade secrets and protected confidential business information by Waymo’s “overreaching attempts” to claim ownership over general principles and ap-

130. Under the Minority View, the Uniform Act does not preempt noncontractual state legal protection for confidential information that does not satisfy the Act’s definition of trade secret. *See Dole, supra* note 2, at 108–09. However, under the Majority, and better View, it does. *See id.* at 107–12. Moreover, California is aligned with the Majority View. *See id.* at 101 nn.32, 33. *See, e.g., Artec Grp., Inc. v. Klimov*, No. 15-CV-03449-EMC, 2016 WL 8223346, at *6 (N.D. Cal. Dec. 22, 2016) (“Plaintiff’s non-contract claims are dismissed as preempted by the California Uniform Trade Secrets Act.”). The California enactment of the UTSA applied in the *Waymo* case.

131. *See Dole, supra* note 9, at 367–70, 390–92 (2018).

132. *E.g., Waymo LLC v. Uber Techs., Inc.*, 870 F.3d 1342, 1343 (Fed. Cir. 2017) (2009 and 2012 employment agreements existed between Levandowski and Waymo).

133. *Compare WeRide Corp. v. Kun Huang*, 379 F. Supp. 3d 834, 840–41, 845–49, 851–55 (N.D. Cal. 2019), *modified in part*, No. 5:18-CV07233-EJD, 2019 WL 5722620 (N.D. Cal. Nov. 5, 2019) (former employee who misappropriated trade secrets and breached a confidentiality clause preliminarily enjoined from use and disclosure of former employer’s trade secrets and confidential information with respect to driverless vehicles), *with Genentech, Inc. v. JHL Biotech, Inc.*, No. C 18-0658 WHA, 2019 WL 1045911 (N.D. Cal. Mar. 1, 2019). In *Genentech*, Judge Alsup also issued an overbroad order. A preliminary injunction was issued to become effective upon the posting of a \$50,000,000.00 bond prohibiting disclosure or use of the sixty-six documents appended to the plaintiff’s Statement Regarding Trade Secrets after the plaintiff had proved that: “it is more probable than not that at least some of the information at issue qualifies as trade secrets. . . .” *Genentech*, 2019 WL 1045911, at *16, *22.

proaches in the field.¹³⁴ However, a more appropriate response than protecting all the downloaded material that was neither a statutory trade secret nor protected confidential business information would have been to deny Waymo preliminary relief until Waymo proved the existence of at least one statutory trade secret and/or, if the evidence warranted it, at least one item of protected confidential business information in the downloaded materials.¹³⁵

5. The Scope of the Injunction if Judge Alsup had Identified at Least One Statutory Trade Secret and One Item of Protected Confidential Business Information in the Downloaded Materials

If Judge Alsup had identified at least one statutory trade secret and one item of protected confidential business information in his opinion but ordered Uber to cease using all the statutory trade secrets and confidential business information in the downloaded materials, in order to justify holding Uber in contempt, Waymo would have had to prove that the information sought to be protected was either a statutory trade secret or protected confidential business information. This approach would have facilitated the issue and the implementation of the preliminary injunction and been consistent with the statutory text of the UTSA and the DTSA. Uber's rights would not have been prejudiced as long as any contempt finding included a finding that the downloaded material at issue was either a statutory trade secret or protected confidential business information.

6. The Permissibility of the Injunction in View of Levandowski's Fifth Amendment Claim

Judge Alsup ordered that Uber remove Levandowski from any role or responsibility with respect to LiDAR, to ensure that he would have no future communications with respect to LiDAR, and to ensure that all his prior communications with respect to the downloaded materials would be disclosed to and surrendered to Waymo.¹³⁶ The order did not require Levandowski's discharge and was in part unnecessary due to Uber's reassignment of Levan-

134. *Waymo LLC v. Uber Techs., Inc.*, No. C 17-00939 WHA, 2017 WL 2123560, at *8 n.6, *9 (N.D. Cal. May 11, 2017).

135. *See Int'l Bus. Mach. Corp. v. Seagate Tech., Inc.*, 941 F. Supp. 98, 100 (D. Minn. 1992) (“[A]n injunction is inappropriate if [a] plaintiff fails ‘to identify specific trade secrets and instead produces long lists of general areas of information which contain unidentified trade secrets.’”); *see also* *Integrated Process Sols., Inc. v. Lanix LLC*, No. 19-CV-567 (NEB/LIB), 2019 WL 1238835, at *4 (D. Minn. Mar. 18, 2019); *accord* *Radiant Glob. Logistics, Inc. v. Furstenau*, 368 F. Supp.3d 1112, 1125 (E.D. Mich. 2019) (appeal filed) (“[T]o establish a trade secrets claim, the party ‘must establish more than the existence of generalized trade secrets.’”).

136. *Waymo*, 2017 WL 2123560, at *13.

dowski prior to its issue.¹³⁷ The order was justified by the evidence of Levandowski's unauthorized download of over 14,000 files of Waymo driverless vehicle research, the lack of evidence that Levandowski no longer had access to those files, and Levandowski's role as head of Uber's driverless vehicle research at the time of suit.¹³⁸ The order was not meant to penalize Levandowski indirectly for his good faith claim of a Fifth Amendment privilege.

7. The Permissibility of the Injunction in View of the DTSA Special Limitations Upon Injunctive Relief

A special issue under the DTSA also existed with respect to the *Waymo* court order to remove Levandowski from any role or responsibility pertaining to LiDAR and to prevent him from communicating with respect to LiDAR with any Uber employee, agent, supplier, consultant, or customer.¹³⁹

DTSA Section 1836(b)(3)(a)(i)(I) provides in part:

In a civil action brought under this subsection with respect to misappropriation of a trade secret, a court may

- (A) grant an injunction . . .
 - (i) provided the order does not . . .
 - (I) prevent a person from entering an employment relationship, and that conditions placed on such employment shall be based on evidence of threatened misappropriation and not merely on the information that the person knows; or
 - (II) otherwise conflict with an applicable State law prohibiting restraints on the practice of a lawful profession, trade, or business.¹⁴⁰

The Sub (I) limitation upon DTSA injunctive relief, which is limited to injunctions affecting employees,¹⁴¹ literally applies to the *Waymo* court order to Uber to remove Levandowski from any role, responsibility, or communication pertaining to LiDAR. A DTSA plaintiff cannot avoid the Sub (I) limi-

137. *Id.*

138. *See supra* text accompanying notes 110–111.

139. *Waymo*, 2017 WL 2123560, at *13.

140. 18 U.S.C. § 1836(b)(3)(A)(i)(I–II) (2016). The UTSA does not have comparable provisions. *See generally* Unif. Trade Secrets Act 14 U.L.A. (2005). Moreover, the DTSA provisions are not preemptive. *See* 18 U.S.C. § 1838 (2016). With the exception of its whistleblower defense, the DTSA is not preemptive of state law. *See Dole, supra* note 9, at 390 n.167. With respect to the DTSA whistleblower provisions, *see id.* at 387–88 nn.142–50.

141. *See, e.g.,* Engility Corp. v. Daniels, No. 16-CV-2473-WJM-MEH, 2016 WL 7034976, at *10 (D. Colo. Dec. 2, 2016) (“There is no indication that ‘employment relationship’ encompasses the role of an outside contractor.”).

tation by directing the defendant employer not to employ the defendant former employee to do X¹⁴² rather than directing the defendant former employee not to work on X for the defendant employer. However, the limitation was not violated by the *Waymo* court order, which was based upon Levandowski's downloading without authorization over 14,000 Waymo computer files, including files relating to LiDAR, serving as head of Uber's self-driving vehicle program, and providing no explanation of what had happened to the downloaded files.¹⁴³

The Sub (II) limitation, which applies to both employees and independent contractors,¹⁴⁴ prohibits a DTSA injunction from imposing a restriction upon competition that would be invalid in a restrictive employment covenant under the applicable state law.¹⁴⁵ In dictum, the federal district judge in *Engility Corp. v. Daniels*¹⁴⁶ observed that it would be incongruous if an injunction under the applicable state UTSA enactment was not also subject to the limitations imposed by the enacting state's restrictive employment covenant law.¹⁴⁷ However, this limitation also was not transgressed by the *Waymo* injunction, which was reasonable in view of the record evidence.¹⁴⁸

8. The Likelihood that Uber's Misappropriation Would Destroy Waymo's Trade Secret Rights

In discussing whether or not Waymo was likely to suffer irreparable harm from Uber's conduct, Judge Alsup referred to the state regulatory filings that Uber must make in order to obtain approval to use a driverless vehicle commercially and that filings already had been made in Nevada.¹⁴⁹ These state filings require technical disclosures and the Judge's point was that, through carelessness in making the required disclosures, Uber publicly could reveal Waymo's trade secrets, which would destroy the secrecy upon

142. In order to avoid imposing a sanction upon Levandowski's assertion of his Fifth Amendment privilege, the preliminary injunction ordered Uber to remove Levandowski from any role, responsibility, and communication with respect to LiDAR but did not order Levandowski to refrain from this conduct. *See Waymo*, 2017 WL 2123560, at *13 n.9.

143. *Id.*

144. *See, e.g., Engility*, 2016 WL 7034976, at *10.

145. *See id.* (“[T]he Court cannot issue an injunction that effectively creates a statutorily disapproved noncompete restriction.”).

146. *Id.*

147. *Id.* (“[W]ith respect to [the Colorado Uniform Trade Secrets Act,] it would be incongruous if the Court could create, by judicial fiat, a noncompete restriction that would not survive [the state enactment] if it appeared in a contract.”).

148. *See supra* text accompanying notes 131–132.

149. *Waymo LLC v. Uber Techs., Inc.*, No. C 17-00939 WHA, 2017 WL 2123560 at *11 (N.D. Cal. May 11, 2017).

which the continued existence of the trade secrets depended.¹⁵⁰ A significant likelihood of the imminent total loss of a plaintiff's misappropriated valuable trade secret rights is an irreparable future loss that justifies injunctive relief.¹⁵¹ However, misappropriation does not automatically mean that the misappropriator intends to destroy a misappropriated trade secret by public disclosure. The misappropriator can intend to engage in commercial use that maintains the secrecy of the information, in which case an award of damages can provide a complete remedy.¹⁵²

When all is said and done, Judge Alsup's brief discussion of the possibility of Uber's destruction of Waymo's trade secret rights by inartful state regulatory filings was speculative dictum that was unnecessary to the *Waymo* decision. The remedy at law is inadequate in a new product misappropriation case like *Waymo* and that requirement for provisional injunctive relief is satisfied.¹⁵³ Furthermore, there was no indication that the state regulatory filings that Uber had made had contained any damaging disclosures of Waymo's trade secrets.¹⁵⁴

150. *Id.* (“[A]ny Waymo trade secret used in defendants’ technology may be destroyed via disclosure in defendants’ regulatory filings.”).

151. *See, e.g.,* FMC Corp. v. Taiwan Tainan Giant Indus. Co., 730 F.2d 61, 63 (2d Cir. 1984) (per curiam) (“The district court correctly found that the information in question is of great value to FMC, and it is clear that the loss of trade secrets cannot be measured in money damages. . . . A trade secret once lost is, of course, lost forever.”); *see generally* ROGER M. MILGRIM & ERIC E. BENSON, 1 MILGRIM ON TRADE SECRETS § 1.05[1] (2018).

152. *Faiveley Transp. Malmo AB v. Wabtec Corp.*, 559 F.3d 110, 118–19 (2d Cir. 2009) (“Where a misappropriator seeks only to use those trade secrets—without further dissemination or irreparable impairment of value—in pursuit of profit an award of damages will often provide a complete remedy.”). In *Salinger v. Colting*, 607 F.3d 68, 76–80 (2d Cir. 2010), a copyright infringement case, a three-judge panel of the Second Circuit announced that part of the *Faiveley* test for preliminary injunctive relief had been abrogated by the U.S. Supreme Court decision in *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). However, the abrogated aspect of the *Faiveley* analysis was the Second Circuit’s presumption “that a plaintiff likely to prevail on the merits of a copyright claim is also likely to suffer irreparable harm if an injunction does not issue.” *Salinger*, 607 F.3d at 75. The Eastern District of New York subsequently has applied *Salinger* to a preliminary injunction in a trademark infringement case, *Pretty Girl, Inc. v. Pretty Girl Fashions, Inc.*, 778 F. Supp.2d 261, 265 (E.D.N.Y. 2011), and there is no reason to believe that it is not applicable to trade secret cases. The partial abrogation of the *Faiveley* case has nothing to do with its holding that a misappropriator does not necessarily intend to destroy the secrecy of a misappropriated trade secret.

153. *See supra* text accompanying note 121.

154. *See supra* text accompanying notes 149–153.

IV. CONCLUSION

Waymo illustrates the availability of preliminary injunctive relief in UTSA and DTSA cases involving complex new product trade secrets. In new product cases, the remedy at law is likely to be inadequate due to the difficulty of determining future monetary damages from misappropriation. If the plaintiff has a large data base of research adequately protected by computer safeguards to access, the defendant's unauthorized possession of downloaded information easily can be established.¹⁵⁵ Although a substantial amount of information was downloaded, identifying at least one statutory trade secret and one item of protected confidential business information that was downloaded in the opinion accompanying the order can suffice under the UTSA and the DTSA.¹⁵⁶ But, in enforcing the injunction, the plaintiff must present adequate evidence that the downloaded information for which the contempt citation is sought is either a statutory trade secret or protected confidential business information.¹⁵⁷

Although the scope of the preliminary injunction issued by Judge Alsup may be questionable, there was no prejudice to Uber and a contentious, complex case was administered and closed.

155. *See Waymo*, 2017 WL 2123560, at *7–8.

156. *See id.* at *9.

157. *See id.* at *12–13.