An Overview of Individual States' Application of Inevitable Disclosure: Concrete Doctrine or Equitable Tool

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AN OVERVIEW OF INDIVIDUAL STATES' APPLICATION OF INEVITABLE DISCLOSURE: CONCRETE DOCTRINE OR EQUITABLE TOOL?

Brandy L. Treadway*

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I. INTRODUCTION

Jane Doe takes a job with Technology. She signs an employment contract that includes confidentiality and non-disclosure provisions. Two years later, Jane decides to leave when a local start-up, Telecom, makes her a lucrative offer. Instead of giving her two weeks, Technology tells Jane that her new job violates her employment contract. Since Jane knows Technology’s trade secrets and Telecom is a competitor, she cannot perform her duties for Telecom without inevitably disclosing Technology’s confidential information. Thus, the only effective way for Technology to enforce its non-disclosure agreement is to prevent Jane from working for Telecom. Neither Jane nor Telecom can cover the potential legal expenses, so Jane remains at Technology. Although Jane did not sign a non-compete clause, Technology has effectively prevented her from working for a competitor.

This scenario describes the application of the inevitable disclosure doctrine. Allowing employers to restrain their workers seems to contradict our modern economy’s goal of the free movement of workers and capital. But employers have been using this theory to do just that. By insisting that workers will compromise their trade secrets and cause them irreparable harm, employers are convincing courts to enjoin their former employees from working for competitors. Whereas this rationale began with technical workers such as engineers, its application has expanded to include employees with knowledge of strategic and marketing plans. Some companies have exploited this expansion by retaining employees through the mere threat of a lawsuit.¹

Although many think inevitable disclosure makes employees indentured servants, courts are increasingly relying on it to grant injunctive relief. This comment presents a comprehensive overview of the doctrine’s present application throughout the United States. First, it examines the doctrine’s background, including its common law origins, its rebirth after the PepsiCo decision, and its relationship to the Uniform Trade Secrets Act (“UTSA”). Second, it analyzes individual states’ treatment of inevitable disclosure. The states are divided into four categories.

¹ See Jonathan Weil, Alcatel Unit is Quick to Sue Firms Hiring Its Employees, WALL ST. J., June 21, 2000, at T1; Vikas Bajaj, Alcatel Guards Its Trade Secrets, DALLAS MORNING NEWS, Sept. 3, 2000, at H1.
according to the strength of their adoption, or rejection, of the theory. Within each state, the relevant cases are examined to gain an understanding of the present treatment of the doctrine and to predict its future application.

In drawing a comparison between the states, it becomes apparent that no two enforce the same version of inevitable disclosure. Courts call it by different names, rely on it to enforce separate claims, and do not use a standard set of criteria. This disparate treatment raises the question of whether the inevitable disclosure doctrine actually exists. I believe that it does, but it is not a doctrine in the traditional sense. Instead of analyzing these cases against the uniform backdrop that a “doctrine” implies, courts invoke inevitable disclosure as an equitable tool.

II. BACKGROUND

A. THE HISTORY AND ORIGINS OF INEVITABLE DISCLOSURE

Inevitable disclosure is rooted in the fundamental principles of trade secret law. In Eastman Kodak Co. v. Powers Film Products, Inc.,\(^2\) the plaintiff sought to enforce a non-compete agreement prohibiting its employee from working for a competitor because of the danger of trade secret disclosure. While the trial court denied relief because of public policy concerns,\(^3\) the appellate court reversed and enforced a temporary injunction. The Kodak court considered the enforcement of less restrictive relief, such as a non-disclosure agreement, ineffective. Since “[t]he mere rendition of the service along the lines of [employee’s] training would almost necessarily impart such knowledge to some degree,”\(^4\) the court believed Kodak would be irreparably harmed.\(^5\)

Injunctive relief was enforced in the absence of a restrictive covenant in B.F. Goodrich Co. v. Wohlgemuth.\(^6\) The court granted the plaintiff’s injunction preventing its employee from working for a competitor based on equity and the confidential relationship between employer and employee.\(^7\) Since the employee’s positions were similar and he seemed willing to disclose the trade secrets,\(^8\) the court believed there was a real

\(^3\) Id. at 328 (“[c]ontract ... is void, as against public policy, in that it undoubtedly restrains the liberty of the individual, and prevents his gaining a means of livelihood, except in plaintiff’s employ.”).
\(^4\) Id. at 330.
\(^5\) Id.
\(^7\) Id. at 105.
\(^8\) Id. at 104-05. Wohlgemeth said that “loyalty and ethics had their price ... Latex was paying the price” and “he would expect to use all of the knowledge that he had to [Latex’s] benefit.” Id. at 104.
threat of disclosure.

The term “inevitable” was first used in *E.I. duPont de Nemours & Co. v. American Potash & Chemical Corp.* Plaintiff's employee had not signed a non-compete agreement, but the lower court enjoined him from working for the defendant because of the possible breach of the employer/employee confidential relationship. On defendant's motion for summary judgment, the chancery court concluded that inevitable disclosure should be considered but declined to discuss whether it alone could prove harm. Disagreeing with Potash's allegation that a finding of inevitable disclosure would merely be a “prophecy,” *E.I. duPont* held that “the degree of probability of disclosure, whether amounting to an inevitability or not, is a relevant factor to be considered in determining whether a ‘threat’ of disclosure exists.”

**B. THE PEPSICO DECISION**

Although inevitable disclosure enjoys a venerable history, the theory experienced a renaissance after the Seventh Circuit's decision in *PepsiCo, Inc. v. Redmond.* This resurgence can be explained by several factors. First, *PepsiCo* analyzed inevitable disclosure under the statutory rule of the Uniform Trade Secrets Act instead of under common law. Second, the court applied the theory to a non-technical employee working in a non-technical field. Third, it established a standard for evaluating whether inevitable disclosure existed.

*PepsiCo* began its analysis of trade secret misappropriation by acknowledging the controlling force of the Illinois Trade Secrets Act (“ITSA”). Adopted from the Uniform Trade Secrets Act, the ITSA allowed injunctive relief for actual or threatened misappropriation. Although little case law existed regarding proof of threatened misappropriation, *PepsiCo* considered two cases which discussed the possibility of inevitable disclosure. The circuit court concluded that “a plaintiff may

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10. *Id.* at 429-32.
11. *Id.* at 432.

Plaintiff ... takes the basic position that proof of an inevitability of disclosure arising from Hirsch's employment by Potash, without more, will warrant the granting of the injunctive relief sought in this action ... . The legal question involved in this proposition is ... as complex as it is provocative, but it need not be resolved now.

*Id.*

12. *Id.* at 436.
13. 54 F.3d 1262 (7th Cir. 1995).
14. *Id.* at 1267.
15. See discussion infra notes 25-30.
16. 765 ILL. COMP. STAT. ANN. 1065/3-3(a) (West 1993).
17. *PepsiCo*, 54 F.3d at 1268-69 (discussing Teradyne, Inc. v. Clear Communications Corp., 707 F. Supp. 353 (N.D. Ill. 1989); *AMP Inc. v. Fleischhacker*, 823 F.2d 1199 (7th Cir. 1987)). *Teradyne* held that “[t]hreatened misappropriation can be enjoined under Illinois law if there is a high degree of probability of inevitable and immediate... use of... trade secrets.” *Teradyne*, 707 F. Supp. at 356-57 (internal citations omitted). *AMP* recognized the possibility of inevitable disclosure, but required more than proof that an employee
prove a claim of trade secret misappropriation by demonstrating that defendant’s new employment will inevitably lead him to rely on the plaintiff’s trade secrets.” Since *PepsiCo* was one of the first cases to interpret the UTSA, other jurisdictions looked to it for guidance. Thus, the *PepsiCo* court’s interpretation of the UTSA and its proof required for threatened misappropriation became instructive for most jurisdictions.

Second, the *PepsiCo* court’s application of inevitable disclosure was unusually expansive. The theory was traditionally applied to prevent a highly skilled employee in a technical industry from working for a competitor. But *PepsiCo* sought to enjoin its business manager responsible for marketing plans. Unlike production specifications, business plans and strategies are usually considered general information applicable to many industries. And while soft-drink manufacturing involves some technical processes, *PepsiCo* dealt with more non-technical issues like distribution and marketing. This expansion of inevitable disclosure allowed companies not formally considered “technical” to utilize the theory.

Finally, *PepsiCo* clearly established elements for inevitable disclosure, which gave other courts a standard by which to measure their own application. First, the employee must possess “extensive and intimate knowledge.” Second, the employee’s positions must be so similar that he would have to rely on the trade secrets to adequately perform his new position. Third, lack of candor by the employee or new employer may be proof of their willingness to exploit the secrets for their benefit. In addition to setting forth positive factors, *PepsiCo* rejected two elements advanced by the defendant. The court believed that the employee’s lack of candor negated the importance of his confidentiality agreement as well as his assertion that he would not disclose the trade secrets.

C. THE UNIFORM TRADE SECRETS ACT

Trade secret law was traditionally reserved to the states. But uneven development, the lack of commercial certainty and the omission of trade secret law from the Second Restatement of Torts convinced the National Conference of Commissioners on Uniform State Laws of the need for a

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18. *PepsiCo*, 54 F.3d at 1269.
19. See *Kodak*, 179 N.Y.S. at 327-28 (film manufacturing); *Goodrich*, 192 N.E.2d at 101-03 (space suit design); *E.I. duPont*, 200 A.2d at 429 (titanium dioxide pigment manufacturing).
20. *PepsiCo*, 54 F.3d at 1265.
21. *Id.* at 1269.
22. *Id.* ("[U]nless [employee] possessed an uncanny ability to compartmentalize information, he would necessarily be making decisions [at his new position] by relying on his knowledge of [former employer's] trade secrets.").
23. *Id.* at 1264 (the employee told PepsiCo that he was taking a different position with a competitor).
24. *Id.* at 1270.
uniform law in the late 1960s. The Conference approved the Uniform Trade Secrets Act in 1979, and subsequent amendments in 1985. The UTSA was designed to clarify definitions, set statutes of limitations and codify case law for remedies. The injunction provision of the UTSA provides that "[a]ctual or threatened misappropriation may be enjoined."

Forty-two states and the District of Columbia have adopted the UTSA and its injunctive provision. The eight states that have not enacted the UTSA are Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Tennessee, Texas, and Wyoming.

III. INDIVIDUAL STATES’ TREATMENT OF INEVITABLE DISCLOSURE

A. States Clearly Adopting Inevitable Disclosure

1. Arkansas

Arkansas’s adoption of inevitable disclosure rests heavily on PepsiCo and the Uniform Trade Secrets Act. In Southwestern Energy Co. v. Eickenhorst, the court analyzed a trade secret misappropriation claim under the Arkansas Trade Secrets Act, which contained the UTSA’s injunctive provision. Citing PepsiCo favorably, the court specified that disclosure could be proven through reasonable inferences from circumstantial evidence, but not by mere speculation.

The Arkansas Supreme Court expressly adopted the doctrine in Cardinal Freight Carriers, Inc. v. J.B. Hunt Transportation Services, Inc. Noting that both the Illinois and Arkansas Trade Secrets Acts allowed threatened misappropriation to be enjoined, the court recognized the applicability of inevitable disclosure to its situation. The injunction was granted because the overlap in the employee’s positions and Cardinal’s

26. Id.
27. Id.
32. Id. at 1083 (citing Ark. Code Ann. § 4-75-604(a) (Michie 1996)).
33. Id. at 1085.
34. 987 S.W.2d 642 (Ark. 1999).
35. Id. at 646.
willingness to exploit Hunt's trade secrets were "more than sufficient to show a threatened or inevitable misappropriation of Hunt's trade secrets." Additionally, the court recognized that relief under the Arkansas Trade Secrets Act was not conditional upon a non-compete agreement.

The Arkansas Supreme Court subsequently reaffirmed its adoption of the doctrine but did not apply it. In *Bendinger v. Marshalltown Trowell Co.*, the lower court recognized the applicability of inevitable disclosure but failed to find threatened misappropriation. Held to a clearly erroneous standard, the supreme court examined the record and found no error. But *Bendinger* emphasized public policy concerns, including the fundamental right of an individual to choose his vocation.

Although *Bendinger* may cause doubts about Arkansas's future application of inevitable disclosure, the factual differences between *Cardinal Freight* and *Bendinger* support their different results. Not only has Arkansas clearly adopted the doctrine and the *PepsiCo* court's factors, but it also does not hesitate to apply it in the absence of a non-compete agreement.

2. Delaware

Delaware's recognition of inevitable disclosure in *E.I. duPont de Nemours & Co. v. American Potash & Chemical Corp.* has been upheld by subsequent decisions. In *American Totalisator Systems, Inc. v. Automatic Totalisators (U.S.A.) Ltd.*, the court relied on the theory to enjoin plaintiff's employee from taking a similar position with the defendant. The court found *E.I. duPont* to be a "strikingly similar situation" and concluded that it "controls the present matter."

Delaware reaffirmed its position in *American Hoechst Corp. v. Nuodex, Inc.* Decided after the state's enactment of the Uniform Trade Secrets Act, the court recognized that Delaware provided injunctive relief for threatened misappropriation. Citing *E.I. duPont* and *American Totalisator* approvingly, *American Hoechst* confirmed that injunctive relief

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36. Id. at 647.
37. Id. at 643 ("This court determined that a non-competition agreement was not a prerequisite for the enjoinment of [defendant].") Id.
38. 994 S.W.2d 468 (Ark. 1999).
39. Id. at 474 ("Recently, this court adopted the inevitable-disclosure rule in *Cardinal Freight Carriers*."). Id.
40. Id. at 474-75. Kraft hired Bendinger because of his general knowledge about the industry, his job at Kraft differed from his previous position at Marshalltown, and there was no evidence of the parties' willingness to disclose trade secrets. Id.
41. Id. at 475.
42. 200 A.2d 428 (Del. Ch. 1964). See discussion *supra* notes 9-12.
44. Id. at *1.
45. Id. at *2-3.
47. Id. at *3 (citing 6 Del. C. § 2002(a) (1999)).
could be granted even if actual disclosure had not been proven.48

Since Delaware’s adoption of inevitable disclosure predated PepsiCo, its version emphasizes different factors. The existence of a non-compete agreement is irrelevant because Delaware considers the employer-employee relationship confidential and allows “equity [to] enjoin a threatened breach.”49 This injunctive relief was affirmed by Delaware’s enactment of the UTSA. Delaware also removes the factor of employee behavior by emphasizing the importance of the similarity between the employee’s positions.

3. Illinois

PepsiCo based its adoption of inevitable disclosure on Illinois law and subsequent cases have upheld its expansive analysis. In Dulisse v. Park International Corp.,50 the court discussed the theory under PepsiCo but concluded “this is not a case where future misappropriation is inevitable.”51 This conclusion was puzzling given the court’s finding of actual misappropriation.52

While Dulisse may have been troubling if it was the sole case decided after PepsiCo, later cases have reaffirmed Illinois’s adoption of inevitable disclosure and expanded its application to other causes of action. In C&F Packing Co. v. IBP, Inc.,53 the court allowed a competitor to be held liable through inevitable disclosure.54 More importantly, C&F Packing permitted the theory to prove the existence of a material fact to survive a motion for summary judgment.55 In Strata Marketing, Inc. v. Murphy,56 the court allowed the plaintiff to rely on the doctrine to survive defendant’s motion to dismiss.57

Illinois has continued the expansive application of inevitable disclosure begun in PepsiCo by extending the doctrine to additional causes of action.

48. Id. The court held:

Injunctions have been granted to protect former employers when an employee has taken a job with a competitor, the nature of which will demand that the employee disclose and use trade secrets of the former employer regardless of the employee’s intent to disclose or to make use of the trade secrets.

Id.

51. Id. at *4.
52. Id. at *3 (finding enough evidence to prove trade secret misappropriation where competitor brought a product to market quickly, lied to Park about its plan to become a competitor, and mailed marketing brochures to Park’s customers).
54. Id. at *7 (“a party may be held liable for the misappropriation of a trade secret as a consequence of hiring a competitor’s employee and placing that employee in a position that would result in the inevitable disclosure or use of the trade secret”).
55. Id. at *9 (“the evidence is, when viewed in light of the teachings of PepsiCo regarding the inevitability of disclosure . . . sufficient to raise a genuine issue of material fact”).
57. Id. at *13.
4. Minnesota

Recognizing inevitable disclosure before its enactment of the UTSA or PepsiCo, Minnesota has continued to apply the doctrine. In Surgidev Corp. v. Eye Technology, Inc., the district court allowed disclosure to be proven by "a high degree of probability of inevitable disclosure." However, since proof of actual misappropriation existed, there was no need to rely on inevitable disclosure to prove threatened misappropriation.

The factors necessary to prove disclosure under Surgidev were later established by IBM Corp. v. Seagate Technology, Inc. The court held that it required more than proof of an employee "possessing trade secrets and holding a comparable position with a competitor." To prevail on injunctive relief, a "substantial threat of impending injury" must exist.

These factors were met in La Calhene, Inc. v. Spolyar, which relied on inevitable disclosure to enforce a non-compete agreement. Comparing its facts to PepsiCo, the court found strong similarities in the employees' high-level positions and knowledge of company trade secrets. This "intimate knowledge" of the plaintiff's business practices convinced the court to grant injunctive relief although there was no evidence of the employee's intent to disclose information.

Minnesota has continued to emphasize the importance of an employee's intimate knowledge. In Lexis-Nexis v. Beer, the court denied plaintiff's injunctive relief because "[the employee] did not have the kind of intimate familiarity with corporate policies and strategies" as in PepsiCo. Although the employee lied about his new position, the court did not consider his misconduct relevant.

While Minnesota consistently applies inevitable disclosure, its analysis differs slightly from PepsiCo. Both La Calhene and Lexis-Nexis turned on whether the employee possessed "intimate familiarity" with the former employer's practices and trade secrets. Additionally, Minnesota does not require evidence of employee misconduct. But the existence of a non-compete agreement plays a more important role. The court granted injunctive relief in La Calhene to enforce a previous agreement.

59. Id. at 695. Surgidev considered its trade secret analysis applicable to California since both California and Minnesota have adopted the UTSA. Id. at 679-80. See California discussion infra notes 232-58.
60. Id.
62. Id. at 101.
63. Id.
64. 938 F. Supp. 523 (W.D. Wis. 1996). The trade secret misappropriation claim in La Calhene is based on the Minnesota Trade Secrets Act. Id. at 528-29.
65. Id. at 531.
66. Id.
68. Id. at 959.
69. Id. at 952.
but did not grant relief in *IBM* in the absence of a non-compete.\(^{70}\)

5. **New Jersey**

Although an early New Jersey case appeared to reject inevitable disclosure, it was clearly adopted by a later decision. In *Continental Group, Inc. v. Amoco Chemicals Corp.*,\(^{71}\) the court held inevitable disclosure did not prove the requisite level of harm for injunctive relief.\(^{72}\) The lower court had recognized that Continental Group would suffer irreparable harm regardless of whether its secrets were disclosed intentionally or inadvertently.\(^{73}\) Disagreeing, the appellate court distinguished its situation both factually and legally from *Continental Group, Inc. v. Kinsley*,\(^{74}\) which had previously recognized inevitable disclosure.\(^{75}\) Since the New Jersey standard for an injunction was "immediate irreparable injury" or "a presently existing actual threat," *Amoco* did not believe inevitable disclosure was enough.\(^{76}\)

However, New Jersey subsequently adopted the theory in *National Starch & Chemical Corp. v. Parker Chemical Corp.*\(^{77}\) The court enjoined plaintiff's former employee from working for a competitor although he had signed a confidentiality agreement containing non-disclosure, but not non-compete, provisions.\(^{78}\) Because of his extensive knowledge of plaintiff's business and development plans, the court found a "sufficient likelihood of 'inevitable disclosure.'"\(^{79}\) There was no indication or discussion of the employee's willingness to misappropriate the secrets.

New Jersey's adoption of inevitable disclosure is unrelated to *PepsiCo* or the Uniform Trade Secrets Act.\(^{80}\) While its lack of case law makes predictions uncertain, its application of the doctrine in the absence of a non-compete in *National Starch* makes future applications likely.

6. **Ohio**

Ohio recognized inevitable disclosure before *PepsiCo* in *Emery Industries, Inc. v. Cottier*.\(^{81}\) Although the court could have enforced a non-
disclosure agreement, it granted an injunction preventing the plaintiff's employee from working for a competitor in the absence of a non-compete agreement.\textsuperscript{82} Emery analogized its situation to \textit{Allis-Chalmers Manufacturing Co. v. Continental Aviation & Engineering Corp.},\textsuperscript{83} and concluded that disclosure was "inevitable and imminent" since the employee could not work for the competitor without "giving [it] the benefit of plaintiff's confidential information."\textsuperscript{84}

More recently, an Ohio appellate court relied on the theory to grant an injunction in \textit{Proctor & Gamble Co. v. Stoneham}.

The trial court had denied the injunction because the plaintiff failed to prove the requisite imminent harm and "the inevitable disclosure rule did not apply to this case."\textsuperscript{86} The appellate court reversed. Although previous decisions had not specifically relied on "inevitable disclosure," \textit{Proctor} recognized that non-compete agreements had been enforced under similar concepts.\textsuperscript{87} Since the employee had "intimate knowledge" of the plaintiff's trade secrets and his new position was in "direct competition," the court found there was "not just a threat [but] a substantial probability" that trade secrets would be disclosed.\textsuperscript{88}

While \textit{Proctor} did not explicitly adopt the doctrine of inevitable disclosure, it clearly applied the same rationale. However, it is unclear if the theory would be invoked in the absence of a non-compete agreement since the court did not refer to the \textit{Emery} decision, which did so.

7. Utah

Utah treated inevitable disclosure as a case of first impression in \textit{Novell, Inc. v. Timpanogos Research Group, Inc.}\textsuperscript{89} The court recognized that states enacting the Uniform Trade Secrets Act had utilized the theory to prove threatened disclosure.\textsuperscript{90} Since Utah had adopted the

\begin{itemize}
\item \textsuperscript{82} \textit{Id.} at 835.
\item \textsuperscript{84} \textit{Id.}
\item \textsuperscript{85} 747 N.E.2d 268 (Ohio Ct. App. 2000).
\item \textsuperscript{86} \textit{Id.} at 278.
\item \textsuperscript{87} \textit{Id.} The court stated:
\begin{quote}
In actions to enforce covenants not to compete, Ohio courts have held that an actual threat of harm exists when an employee possesses knowledge of an employer's trade secrets and begins working in a position that causes him or her to compete directly with the former employer or the product line that the employee formerly supported. Although the courts do not refer to this evidentiary proposition as "inevitable use" or "inevitable disclosure," the concepts are the same.
\end{quote}
\textit{Id.} (citations omitted).
\item \textsuperscript{88} \textit{Id.} at 279-80.
\item \textsuperscript{89} 46 U.S.P.Q.2d (BNA) 1197 (Utah Dist. Ct. 1998). "No Utah appellate court has considered, and thus no Utah appellate court has either adopted or rejected the application of this [inevitable disclosure] doctrine. I treat the matter as a case of first impression." \textit{Id.} at 1215.
\item \textsuperscript{90} \textit{Id.}
\end{itemize}
UTSA, the court found "this case an excellent example of why it should" adopt the doctrine. Novell believed that the similarity in the employees' positions and their obvious desire to capitalize on plaintiff's trade secrets made disclosure inevitable. The court granted injunctive relief notwithstanding the absence of a non-compete agreement.

The court was eager to apply inevitable disclosure in Novell, but it failed to emphasize specific factors. While Utah's future treatment appears favorable, it is uncertain when the theory will be applied.

8. Washington

First applying inevitable disclosure in an unpublished opinion, Washington has recently reaffirmed its adoption of the doctrine. In Solutec Corp. v. Agnew, the court relied on the theory to uphold an injunction. Washington had enacted the UTSA, but contained no case law regarding proof for threatened misappropriation. Since PepsiCo "considered an identical provision in the Illinois Trade Secrets Act," Solutec utilized its factors and found there was strong evidence of inevitable disclosure.

Three years later, Washington revisited the issue in Temco Metal Products v. GT Development Corp. The court granted the plaintiff's injunctive relief based on "[the employee's] extensive knowledge of [plaintiff's] products, and the limited endorsement by the Washington court of the 'inevitable disclosure' theory of trade secret misappropriation."

Although Temco does not qualify "limited endorsement," Washington's treatment of inevitable disclosure appears favorable. The state has twice relied on the doctrine and both Solutec and Temco have set forth factors establishing the state's perimeters for the doctrine.

B. STATES LACKING DEFINITIVE CASE LAW

1. Indiana

Indiana addressed inevitable disclosure in Bridgestone/Firestone, Inc. v. Lockhart, but did not rely on it to grant injunctive relief. Since Indiana

91. Id.
92. Id. at 1216.
93. Id. at 1217 (court characterized one of the employee's attitude as "predatory," since he "intended to take from Novell its trade secret and confidential technical information and use it for himself."). The employees also retained confidential information. Id.
96. Id. at *8 (quoting WASH. REV. CODE ANN. § 19.108.020 (West 1999)).
97. Id. ("We did not find a Washington case directly on point.").
98. Id.
99. Id. (Agnew and Ingle planned to produce waxes. Since people with chemical degrees usually created the waxes and they were not chemists, it was likely that they would rely on information learned at Solutec to produce their waxes).
101. Id.
102. 5 F. Supp. 2d 667 (S.D. Ind. 1998).
had enacted the Uniform Trade Secrets Act, the court examined the theory's applicability for proving threatened misappropriation.\textsuperscript{103} Considering two cases which adopted the theory as "instructive,"\textsuperscript{104} it concluded "neither case warrants a finding of inevitable disclosure on this record."\textsuperscript{105} Although Bridgestone did not utilize the theory, its discussion of its applicability makes future reliance likely. However, it is unclear what factors would rise to the level of inevitable disclosure in Indiana.

2. \textit{Michigan}

Although Michigan was one of the first states to recognize inevitable disclosure, recent cases have declined to apply it. In \textit{Allis-Chalmers Manufacturing Co. v. Continental Aviation \& Engineering Corp.},\textsuperscript{106} the court granted plaintiff's preliminary injunction enjoining an employee from working for a competitor in the absence of a non-compete agreement. \textit{Allis-Chalmers} recognized the competing interests of employers and employees,\textsuperscript{107} but granted the injunction because of the "inevitable and imminent danger of disclosure."\textsuperscript{108} The court believed that the employee could not adequately perform his new job without relying on secrets learned at his former employer.\textsuperscript{109}

Notwithstanding \textit{Allis-Chalmers}, the court rejected plaintiff's use of inevitable disclosure to survive defendant's motion for summary judgment in \textit{Hoskins Manufacturing Co. v. PMC Corp.}.\textsuperscript{110} Disclosure was not inevitable because the parties had different manufacturing technology that rendered plaintiff's trade secrets useless and the information was general, not specific.\textsuperscript{111}

Michigan again declined to apply inevitable disclosure in \textit{Superior Consultant Co. v. Bailey}.\textsuperscript{112} The court recognized the UTSA's importance in \textit{PepsiCo} and its enactment by Michigan.\textsuperscript{113} But \textit{Superior} distinguished its

\begin{footnotesize}
\textsuperscript{103} Id. at 680 (citing IND. CODE ANN. § 24-2-3-1 et seq. (Michie 1996)).
\textsuperscript{104} Id. at 682 (discussing \textit{PepsiCo} and Ackerman v. Kimball Int'l, Inc., 652 N.E.2d 507 (Ind. 1995)).
\textsuperscript{105} Id. (The employee in \textit{Bridgestone} had not obviously taken trade secrets as in \textit{Ackerman} and did not have the level of managerial knowledge present in \textit{PepsiCo}. There was also no similarity between the employee's positions or evidence of a willingness to disclose trade secrets in \textit{Bridgestone}.).
\textsuperscript{107} Id. at 652-53. The court stated:

\textit{[A]n individual has the right to change his employment for whatever reason he wishes and the right to utilize his general skill, knowledge and experience for the benefit of his employer . . . . At the other end of the spectrum is the law of unfair competition, including trade secrets law, in which the courts seek to enforce increasingly high standards of fairness or commercial morality and to protect the owner of information obtained through the ingenuity and effort of its employees, and its expenditures of time and money.}

\textit{Id.}
\textsuperscript{108} Id. at 654.
\textsuperscript{109} Id.
\textsuperscript{111} Id. at 856-57.
\textsuperscript{113} Id. at *10.
\end{footnotesize}
own situation and found no threatened misappropriation. While these factual differences are valid, the court’s distinction between threatened and inevitable misappropriation is troubling.

Michigan has not formally rejected inevitable disclosure, but its treatment of the theory raises doubts about its eventual adoption. Although Allis-Chalmers supported the theory, Hoskins and Superior Consultant readily distanced themselves from inevitable disclosure and PepsiCo.

3. Missouri

Missouri has addressed the issue of inevitable disclosure, but it has never relied on it to grant injunctive relief. In Baxter International, Inc. v. Morris, the court affirmed the lower court’s decision denying enforcement of a non-compete agreement. Although Baxter recognized that Missouri allowed injunctive relief for future disclosure, it did not find the lower court’s decision clearly erroneous.

Missouri reached a similar conclusion in H&R Block Eastern Tax Services, Inc. v. Enchura. The plaintiff argued that PepsiCo allowed injunctive relief if employees were exposed to trade secrets. Disagreeing, H&R Block held that PepsiCo required a “demonstrated inevitability in combination with a finding that there is unwillingness to preserve confidentiality.” Since the employee’s positions were sufficiently different, disclosure was not inevitable so employee misconduct was irrelevant.

While Missouri has adopted inevitable disclosure, it is uncertain when, if ever, the doctrine will be applied. Baxter and H&R Block declined to invoke the doctrine to enforce non-compete agreements, which is the most prevalent use of the doctrine. Additionally, H&R Block voiced public policy concerns and required evidence of misconduct.

114. Id. at *11 (The employee’s new position would not require the disclosure of trade secrets, the companies were not direct competitors, and the court voiced public policy concerns.).
115. Id. ("Superior has demonstrated a substantial likelihood that defendant Bailey poses a threatened, but not inevitable, misappropriation of Superior’s trade secrets and confidential information."). Since inevitable disclosure is used to prove threatened misappropriation, it seems counterintuitive to find threatened misappropriation but not inevitable disclosure.
116. 976 F.2d 1189 (8th Cir. 1992).
117. Id. at 1194 ("although a former employer is not required to await actual harm before seeking relief, [i]njunctive relief must be based on a real apprehension that future acts are not just threatened but in all probability will be committed") (quoting A.B. Chance Co. v. Schmidt, 719 S.W.2d 854, 857 (Mo. Ct. App. 1986)).
118. Id.
120. Id. at 1074.
121. Id. at 1075.
122. Id. (Plaintiff was not involved in creating the trade secret, information was not easily memorized, and employee’s new duties were different enough to not imply reliance on the information.).
123. Id. at 1076 ("If exposure to trade secrets were all the proof that were necessary, plaintiffs (and other employers) could achieve greater restrictions on former employees than they could contract for explicitly.").
4. Pennsylvania

The sole Pennsylvania case discussing inevitable disclosure has adopted the doctrine. In *Air Products & Chemicals, Inc. v. Johnson*, the court upheld the lower court's injunction preventing plaintiff's former employee from taking a similar position with a direct competitor. Pennsylvania law provided injunctive relief for trade secret protection in the absence of a non-compete agreement. The lower court granted the injunction because "[i]t would be impossible [for the employee] to perform his managerial functions . . . without drawing on the knowledge he possesses of [plaintiff's] confidential information." *Air Products* rejected defendant's attempt to limit inevitable disclosure to employees possessing technical information, but refused to adopt the term "inevitable."

Predictions about Pennsylvania's future treatment of inevitable disclosure are uncertain but appear favorable. *Air Products*’s review was held to a clearly erroneous standard, but the court thoroughly examined the cases supporting the doctrine and considered Emery "persuasive." Additionally, Pennsylvania law allows for injunctive relief in the absence of a restrictive covenant.

C. States Adopting a Limited Version of Inevitable Disclosure

1. Connecticut

Connecticut has limited its use of inevitable disclosure to enforce non-compete agreements. In *Branson Ultrasonics Corp. v. Stratman*, the court utilized the theory to determine whether the enforcement of a non-compete agreement would prevent irreparable harm to the employer.
Weighing the parties' interests, the court held that it was more detrimental for the employer to lose its trade secrets than for the former employee to look for another job.\textsuperscript{134}

Connecticut reaffirmed its application of inevitable disclosure in \textit{Aetna Retirement Services, Inc. v. Hug}.\textsuperscript{135} The court evaluated the reasonableness of the employee's non-compete agreement by examining whether it preserved the employer's competitive advantage.\textsuperscript{136} \textit{Aetna} found the agreement reasonable because the employee was privy to confidential information that may not be protected by a non-disclosure agreement.\textsuperscript{137} The employee's good intentions were irrelevant since his decisions "cannot help but be informed by the framework and knowledge he gained in his employment at Aetna."\textsuperscript{138}

While Connecticut courts clearly invoke the theory to enforce non-compete agreements, it is uncertain whether they will apply it in the absence of an agreement. \textit{Branson} and \textit{Aetna} do not specifically adopt \textit{PepsiCo}'s "doctrine" of inevitable disclosure nor do they acknowledge the similarities between Connecticut's and Illinois's trade secret laws. \textit{Aetna} did, however, discuss \textit{PepsiCo}'s factors, and applied the theory in the absence of employee misconduct without emphasizing public policy concerns.

\section{2. Iowa}

Iowa has only utilized the theory of inevitable disclosure to enforce non-compete agreements. In \textit{Uncle B's Bakery, Inc. v. O'Rourke},\textsuperscript{139} the court enjoined the plaintiff's employee from working for a competitor.\textsuperscript{140} Recognizing that Iowa and Illinois had both enacted the UTSA, the court in \textit{Uncle B's Bakery} found \textit{PepsiCo} to be the "same situation."\textsuperscript{141} Since the employee would be unable to perform his job without drawing on his previous experiences,\textsuperscript{142} the court believed there was "a realistic threat of inadvertent disclosure of trade secrets, and consequently a threat of irreparable harm to Uncle B's Bakery."\textsuperscript{143} There was no indication that the employee or his new employer sought to use plaintiff's trade secrets to their advantage.

Iowa reaffirmed its application of the theory to enforce a non-compete in \textit{APAC Teleservices, Inc. v. McRae}.\textsuperscript{144} Although the plaintiff argued

\begin{itemize}
\item \textsuperscript{134} \textit{Id.} at 914.
\item \textsuperscript{135} No. CV970479974S, 1997 Conn. Super. LEXIS 1781, at *28 (Conn. Super. Ct. June 18, 1997).
\item \textsuperscript{136} \textit{Id.}
\item \textsuperscript{137} \textit{Id.}
\item \textsuperscript{138} \textit{Id.}
\item \textsuperscript{139} 920 F. Supp. 1405 (N.D. Iowa 1996).
\item \textsuperscript{140} \textit{Id.} at 1435.
\item \textsuperscript{141} \textit{Id.} at 1436.
\item \textsuperscript{142} \textit{Id.} at 1435.
\item \textsuperscript{143} \textit{Id.}
\item \textsuperscript{144} 985 F. Supp. 852 (N.D. Iowa 1997).
\end{itemize}
that the employee’s dishonesty was enough proof for an injunction, the court disagreed and clarified that PepsiCo required untrustworthiness in combination with “the demonstrated inevitability that [the employee] would rely on . . . trade secrets in his new job.”

Iowa courts have only applied a limited version of inevitable disclosure to enforce non-compete agreements but they may be willing to expand their application since Uncle B’s Bakery acknowledged the importance of the UTSA and APAC relied heavily on PepsiCo’s factors.

3. Massachusetts

Massachusetts has used the reasoning of inevitable disclosure to enforce non-compete agreements. In C.R. Bard, Inc. v. Intoccia, the court granted plaintiff’s injunctive relief to enforce a non-compete preventing an employee from working for a direct competitor. Bard determined that the plaintiff had not unreasonably withheld its consent to the employee’s new position. Since the employee “could not and did not leave behind his special knowledge of plaintiff's operation,” he “will inevitably draw upon that knowledge” while working for the competitor.

Massachusetts reiterated its use of inevitable disclosure in Marcam Corp. v. Orchard. The court enjoined plaintiff’s employee from working for a competitor to enforce a non-compete agreement. Notwithstanding the employee’s good intentions, Marcam decided “he will, as [competitor’s] employee inevitably, even if inadvertently, be influenced by the knowledge he possesses of all aspects of [plaintiff’s] development efforts.”

Massachusetts has not explicitly adopted a “doctrine” of inevitable disclosure, but it clearly uses the theory to enforce non-compete agreements. It may eventually adopt a more expansive application since injunctive relief has been justified in the absence of contractual agreements based on the employer-employee relationship and for the protection of trade secrets.

145. Id. at 860 (APAC’s position was “that McRae’s untrustworthiness alone is enough to find that he will inevitably disclose trade secrets.”).
146. Id. at 861 (quoting PepsiCo, 54 F.3d at 1271) (internal quotations omitted).
148. Id. at *8.
149. Id. at *8-9.
151. Id. at 299.
152. Id. at 297.
153. See Campbell Soup Co. v. Giles, 47 F.3d 467, 470 n.4 (1st Cir. 1995) (“even in absence of applicable contractual provision, departing employee may be enjoined from using or disclosing confidential information entrusted to him during employment, based on implied contract stemming from employer/employee relationship”) (citing Jet Spray Cooler, Inc. v. Crampton, 282 N.E.2d 921 (Mass. 1972)).
4. New York

As one of the first states to recognize and apply inevitable disclosure, New York has extensive case law discussing the issue. In *Continental Group, Inc. v. Kinsley*, the court enforced a non-compete agreement preventing the plaintiff's former engineer from working for a competitor. Under New York law, non-compete agreements were enforceable to prevent trade secret disclosure. Although the companies used different technologies, the court concluded there was a strong likelihood of "inadvertent" disclosure because they were producing identical products.

Subsequent decisions expanded on *Kinsley*'s rationale and used the terminology of inevitable disclosure. In *Business Intelligence Services, Inc. v. Hudson*, the court relied on the doctrine to enforce a non-compete agreement that prevented plaintiff's senior programmer from working for a direct competitor. There was no evidence of the employee's intent to disclose secrets, but the court believed that "such disclosure is likely, if not inevitable and inadvertent, if [she] commences employment with [the competitor]." Although the court recognized the employee's unfortunate position, it felt the potential harm to the plaintiff outweighed any detriment to her.

New York granted an injunction in the absence of a non-compete agreement in *Integrated Cash Management Services, Inc. v. Digital Transactions, Inc.* Plaintiff's former employees created a substantially similar software program when they went to work for a competitor. Notwithstanding the defendants' good intentions, the court agreed with the plaintiff that "it will be impossible for [the employees] to develop a competing product for [their new employer] without dwelling upon [their] experience in having done the same thing for [ICM]."

The former employee's behavior was an important consideration in enforcing a non-compete agreement in *Monovis, Inc. v. Aquino*. Although the court could have enforced only a non-disclosure agreement, it felt inevitable disclosure would render the relief meaningless. Recognizing that an injunction could be granted in the absence of employee

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155. 422 F. Supp. 838 (D. Conn. 1976). *Kinsley* applied New York law since the non-competition agreement was signed there. *Id.* at 843.

156. *Id.* at 844-45.

157. *Id.* at 845 ("Whatever variation there may be in techniques, there is a high risk that in the course of working with the TPT process, Kinsley will, perhaps inadvertently, disclose secret aspects of the Continental process.").


159. *Id.* at 1070, 1072 (referring to Hudson "as a pawn in the competition between BIS and MTI" but concluding that "BIS will suffer irreparable harm . . . because Hudson has extensive knowledge").


161. *Id.* at 372-75.

162. *Id.* at 378.


164. *Id.* at 1234.
misconduct. Monovis's doubts about the employees' willingness to guard the secrets reinforced its decision to enjoin them from working for a competitor.

New York specifically adopted the "doctrine" of inevitable disclosure when it enforced a non-compete agreement in Lumex, Inc. v. Highsmith. Although the court believed the employee's good intentions, it felt disclosure was inevitable since he could not help but rely on information learned while working for plaintiff to make his new employer more competitive. The injunction was reasonable because of the similarity between the employee's positions and the degree of competition between the companies.

Application of the doctrine was slightly narrowed when the court denied injunctive relief in International Paper Co. v. Suwyn. The district court clarified that inevitable disclosure can be used to prove irreparable harm for a preliminary injunction, but that harm must be proven. Even though International Paper emphasized that this requirement did not contradict previous case law, it restricted the doctrine's use by establishing specific factors.

The employee's attitude was not mentioned in International Paper but was an important factor in Doubleclick, Inc. v. Henderson. The court enforced a non-compete agreement because the "defendants' cavalier attitude toward their duties to their former employer . . . gives rise to a reasonable inference that they would use [plaintiff's] confidential information against it." However, later courts have considered DoubleClick as an anomaly because of the defendants' egregious conduct. Notably, it is not recognized authority.

While early case law embraced inevitable disclosure, New York's most recent decisions raise serious questions about its future application. In EarthWeb, Inc. v. Schlack, the court reaffirmed the theory's ability to prove irreparable harm, especially where the employee possessed techni-

166. Id. ("even assuming the best of good faith, it is doubtful whether Aquino could completely divorce his knowledge of the trade secrets from any [competitive] work in which he might engage").
167. Id.
169. Id. at 630 ("During his testimony the Court was impressed with Highsmith's candor.").
170. Id. at 636.
172. Id. at 258-59.
173. Id. at 258.
174. Id. at 258-59 (factors included the industry involved, the competitor's level of technology, the product involved, and the employee's level of knowledge).
176. Id. at *6.
177. Id. at *5. See discussion infra notes 180-82.
cal information and left to work for a direct competitor. Additionally, the court acknowledged the doctrine's expansive application in *PepsiCo* and *DoubleClick*. But *EarthWeb* distinguished its situation by noting that New York had not enacted the UTSA, and that *DoubleClick* rested on the defendants' misconduct. The court instead emphasized the public policy concerns raised by inevitable disclosure and concluded that it "treads an exceedingly narrow path through judicially disfavored territory." To navigate this territory, *EarthWeb* set forth factors to determine "the rarest of cases" where inevitable disclosure should be used. However, the court never analyzed its facts under these standards. Interpreting the doctrine as "a powerful weapon in the hands of an employer" whose "application is fraught with hazards," the court refused to apply it to grant injunctive relief.

Another New York district court emphasized public policy concerns in denying plaintiff's request for a preliminary injunction. In *PSC, Inc. v. Reiss*, the plaintiff sought to enjoin its former salesman from working for a competitor. The district court acknowledged that inevitable disclosure was applicable in these circumstances. Outlining the factors established by *EarthWeb*, the court emphasized the public policy concerns and refused to apply it for several reasons. First, the employee had not signed a non-compete clause and "to grant the relief sought here would in effect convert the confidentiality agreement into such a covenant." Second, the court did not want to hinder competition. Third, the employee was a salesman, and not a technical employee, so the court doubted how much confidential information he really knew.

179. *Id.* at 309.
180. *Id.* (recognizing *PepsiCo* as the "leading example" of this expansion).
181. *Id.* at 309 n.5.
182. *Id.* at 310.
184. *Id.* The court held that:

1. the employers in question are direct competitors providing the same or very similar products or services;
2. the employee's new position is nearly identical to his old one, such that he could not reasonably be expected to fulfill his new job responsibilities without utilizing the trade secrets of his former employer; and
3. the trade secrets at issue are highly valuable to both employers. Other case-specific factors such as the nature of the industry and trade secrets should be considered as well.

*Id.*

185. *Id.* at 310-11 (The court asserted that inevitable disclosure caused a "shift in bargaining power" between the employer and employee and declined to "re-write the parties' employment agreement under the rubric of inevitable disclosure.").
186. 111 F. Supp. 2d 252 (W.D.N.Y. 2000).
187. *Id.* at 256. The two companies had originally collaborated on the development of grocery store self-scanners but their relationship had turned competitive. The salesman was directly involved in the scanner development plans. *Id.* at 254-55.
188. *Id.* ("the doctrine should be applied in only the rarest of cases . . . application of the inevitable-disclosure doctrine [is] fraught with hazards") (quoting *EarthWeb*, 71 F. Supp. 2d at 310) (citations omitted).
189. *Id.* at 257.
190. *Id.*
never referenced nor distinguished *PepsiCo*, which also involved a non-technical employee. Instead, the court stated that "many of the cases" using the doctrine involved "employees who had expertise in highly technical industries."\(^{192}\)

New York seems to be turning away from an expansive use of inevitable disclosure. Later cases, such as *EarthWeb* and *PSC*, emphasize public policy concerns and are reluctant to award injunctive relief based on the theory. While these two cases appear to be complete departures, they only concern the theory’s application in the absence of a non-compete agreement. Hence, *EarthWeb* and *PSC* do not contradict the majority of New York case law, since only *Integrated Cash Management* lacked a non-compete agreement. However, *EarthWeb*’s restriction of *PepsiCo* to states adopting the UTSA and *PSC*’s emphasis on technical employees may prove more problematic.

5. **North Carolina**

North Carolina has been reluctant to adopt inevitable disclosure and severely restricts its application. In *Travenol Laboratories, Inc. v. Turner*,\(^ {193}\) the court refused to enjoin plaintiff’s former manager from working for a competitor. Recognizing that inevitable disclosure may support an injunction in other situations, *Travenol* did not believe the necessary factors were present here.\(^ {194}\) Since the employee was a manager, the court held that "mere employment by a competitor" was not enough to presume inevitable disclosure.\(^ {195}\)

This restrictive analysis continued in *FMC Corp. v. Cyprus Foote Mineral Co.*,\(^ {196}\) where the court again refused to grant injunctive relief. Since North Carolina’s Trade Secrets Act provided injunctive relief for actual or threatened misappropriation,\(^ {197}\) the plaintiff alleged inevitable disclosure when its employee began working for a competitor.\(^ {198}\) Declining to adopt the theory,\(^ {199}\) *Cyprus Foote* reaffirmed *Travenol*’s limited holding.\(^ {200}\) The court was concerned that the doctrine’s application would harm an employee’s right to seek employment.\(^ {201}\)

North Carolina restated its constrained version of inevitable disclosure in *Glaxo Inc. v. Novopharm Ltd.*\(^ {202}\) Citing *Travenol* and *PepsiCo* as authority, *Glaxo* described the doctrine as applicable when the employee

\(^{192}\) Id. (quoting *Int’l Paper*, 966 F. Supp. at 258) (citations omitted).


\(^{194}\) Id. at 484 (The court required evidence of the employee’s technical knowledge or willingness to disclose trade secrets or of the employer’s lack of technology.).

\(^{195}\) Id. at 485.


\(^{197}\) Id. at 1481 (quoting N.C. GEN. STAT. § 66-154(a) (1999)).

\(^{198}\) Id. at 1482.

\(^{199}\) Id. ("[e]ven assuming that North Carolina would recognize this so-called ‘inevitable discovery’ doctrine").

\(^{200}\) Id. at 1483.

\(^{201}\) Id.

had “intimate expert knowledge” in a “narrow technological field.”

By citing Travenol and PepsiCo together, the court made it appear that North Carolina and Illinois similarly applied inevitable disclosure. But Glaxo’s description was actually more limited since PepsiCo involved a manager in a non-technical industry.

Notwithstanding its prior restrictive case law, North Carolina adopted the doctrine in Merck & Co. v. Lyon. When its employee left to work for a competitor, the plaintiff sought injunctive relief based on inevitable disclosure. The defendant countered that North Carolina had not adopted the doctrine. Merck disagreed and characterized previous decisions as merely “reluctant.” But it acknowledged that “North Carolina courts employ their own version of an ‘inevitable disclosure rule’” since Travenol’s factors differ from PepsiCo. Under North Carolina’s version, the doctrine can be invoked in two situations. The first requires evidence of the employee’s or employer’s misconduct, as established in Travenol. The second permits injunctive relief “when the trade secret [is] clearly established and the possibility of disclosure high” but does not require evidence of misconduct.

North Carolina continues to apply a limited version of inevitable disclosure. Although its factors are more stringent than PepsiCo’s, Merck demonstrated the viability of the North Carolina version by invoking it in the absence of a non-compete agreement.

6. Texas

Although threatened misappropriation is not statutorily protected, Texas case law has frequently relied on a version of inevitable disclosure to grant injunctive relief. In Electronic Data Systems Corp. v. Powell, the court overturned the lower court’s refusal to enforce a non-compete agreement preventing the plaintiff’s former systems engineer from working for a competitor. Enforcing only the non-disclosure provision was “insufficient,” since “a former technical or ‘creative’ employee such as [this] working for [such] a competitor can hardly prevent his knowledge or [plaintiff’s] confidential methods from showing up in his work.” The employee’s intent was irrelevant since he could not adequately perform his new job without relying on information learned at his previous job.

Injunctive relief was granted again to enforce a non-compete agree-
ment in *Weed Eater, Inc. v. Dowling*.\(^{213}\) The court examined whether the “restraint placed upon the employee [was] necessary for the protection of the [employer]” and not unduly burdensome for the employee.\(^{214}\) An injunction was appropriate since the employee could not help but rely on plaintiff’s confidential information in his new position.\(^{215}\) Additionally, the court recognized that injunctive relief could be granted in the absence of a non-compete agreement based on the confidential relationship between employer and employee.\(^{216}\) The Fifth Circuit relied on *Weed Eater* to grant injunctive relief in *FMC Corp. v. Varco International, Inc.*\(^{217}\) Subsequently, *Varco* was cited for holding that irreparable harm could be proven by “uncontradicted evidence . . . that a former employee [was] working for a direct competitor.”\(^{218}\)

Although no case has yet used the term “inevitable,” the court came closest in *Rugen v. Interactive Business Systems, Inc.*\(^{219}\) When defendant’s former employee started a competing company,\(^{220}\) the court granted injunctive relief enforcing her non-compete agreement because “it [was] probable” that she would disclose the trade secrets.\(^{221}\) *Rugen’s* analysis was later applied in the absence of a restrictive agreement in *T-N-T Motorsports, Inc. v. Hennessey Motorsports, Inc.*\(^{222}\) As in *Rugen*, defendant’s former employees had started a competing company.\(^{223}\) The court granted injunctive relief because “it [was] likely [they] will use the information to [defendant’s] detriment.”\(^{224}\)

Whether Texas has actually adopted a “doctrine” of inevitable disclosure was recently discussed in the unpublished decision of *Conley v. DSC Communications Corp.*\(^{225}\) The lower court granted defendant’s injunction preventing its former employee from working for a competitor based on the theory.\(^{226}\) Although the parties and the appellate court agreed that *Rugen* was persuasive, they disagreed on the characterization of its

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\(^{213}\) 562 S.W.2d 898 (Tex. Civ. App.—Houston [1st Dist.] 1978, writ ref’d n.r.e.).
\(^{214}\) Id. at 901.
\(^{215}\) Id. at 902.
\(^{216}\) Id at 901.
\(^{217}\) 677 F.2d 500, 504 (5th Cir. 1982).
\(^{218}\) Williams v. Compressor Eng’g Corp., 704 S.W.2d 469, 470-71 (Tex. App.—Houston [14th Dist.] 1986, writ ref’d n.r.e.).
\(^{219}\) 864 S.W.2d 548 (Tex. App.—Dallas 1993, no writ).
\(^{220}\) Id. at 550.
\(^{221}\) Id. at 552 (“Under these circumstances, it is probable that Rugen will use the information for her benefit and to the detriment of IBS.”).
\(^{222}\) 965 S.W.2d 18 (Tex. App.—Houston [1st Dist.] 1998, no writ).
\(^{223}\) Id. at 20-21.
\(^{224}\) Id. at 24.
\(^{225}\) No. 05-98-01051-CV, 1999 WL 89955 (Tex. App.—Dallas, Feb. 24, 1999) (not designated for publication).
\(^{226}\) Id. at *1 (“the trial court found that Conley would ‘inevitably disclose or use confidential information and/or trade secrets of DSC in connection with his employment with [AFC]’”).
ruling. Conley reiterated Rugen's holding but refused the parties' invitation to attach the "inevitable disclosure" label. The court nevertheless analyzed its situation under factors substantially similar to those examined under the doctrine and granted injunctive relief. Although the court took pains to distance itself from inevitable disclosure, the dissent recognized that invoking the doctrine's rationale was the same as adopting the doctrine itself. While Conley's legal maneuvers are intriguing, they are not controlling because it cannot be cited as authority.

Texas has clearly adopted the theory, if not the terminology, of inevitable disclosure. Notwithstanding Conley, there is a strong line of cases utilizing the theory and expanding its application in the absence of non-compete agreements.

D. States Rejecting Inevitable Disclosure

1. California

California has a strong public policy favoring employee mobility and voids most non-compete agreements. Since employers can use inevitable disclosure to prevent their employees from working for a competitor, California courts have been reluctant to embrace the theory. However, California has adopted the injunctive provision of the UTSA. Five cases discussing inevitable disclosure in 1999 highlight the difficulty in reconciling the state's public policy favoring employees with the protection of employer's trade secrets.

First, in Danjaq, LLC v. Sony Corp., the district court refused to allow the plaintiff to rely on the theory to defeat the defendant's motion for summary judgment. The court specifically rejected the doctrine, holding that "PepsiCo is not the law of the State of California or the Ninth Circuit." However, the court neglected to mention that Danjaq dealt with summary judgment while PepsiCo involved injunctive relief.

A Texas federal district court next analyzed inevitable disclosure under

227. Id. at *3-4.
228. Id. at *3 ("a former employee may be enjoined from using or disclosing the former employer's confidential or proprietary information if the employee is in a situation where use or disclosure is probable").
229. Id. at *3-4 ("We found no Texas case referring to a 'doctrine of inevitable disclosure'... Contrary to the parties' arguments, this Court did not recognize a 'doctrine of inevitable disclosure' in Rugen.").
230. Id. at *4-5 (including employee's misconduct, employer's need for confidential information, similarity between employee's positions, and existence of a non-compete agreement). The court considered efforts by the new employer to protect the trade secrets irrelevant since it was "little better than asking the fox to guard the henhouse." Id. at *6.
231. Id. at *11 (James, J., dissenting) ("[b]ecause I do not accept the concept or doctrine of inevitable disclosure").
232. See CAL. BUS. & PROF. CODE § 16600 (West 2001). "Except as provided in this chapter, every contract by which anyone is restrained from engaging in a lawful profession, trade or business of any kind is to that extent void." Id.
234. Id. at *1.
235. Id. at *1 n.1.
California law in *Maxxim Medical, Inc. v. Michelson*. The Texas court predicted that California would adopt the theory and granted a preliminary injunction enforcing a non-compete agreement. Recognizing that California had adopted the UTSA, the court looked to *PepsiCo* since California and Illinois trade secret statutes were identical. *Maxxim* examined the relevant factors and concluded that they "weigh heavily in favor of a finding of inevitable disclosure." Although *Maxxim* was merely persuasive for California courts, its authority was undermined when the Fifth Circuit subsequently reversed it without comment.

Despite *Maxxim*'s prediction, California reaffirmed its rejection of inevitable disclosure in *Computer Sciences Corp. v. Computer Associates International, Inc.* The plaintiff pled inevitable disclosure to survive defendant's motion for summary judgment. After recognizing that the doctrine was "not the law of the State of California," the court dismissed the majority of the cases cited by the plaintiff, since they involved injunctive relief. But in so doing, it recognized the potential applicability of *C&F Packing Co. v. IBP, Inc.*, which allowed inevitable disclosure to be used to "raise a genuine issue of material fact" necessary for summary judgment.

California revisited the theory’s applicability for injunctive relief in *Bayer Corp. v. Roche Molecular Systems, Inc.* Noting California’s enactment of the UTSA, *Bayer* examined several cases which had established factors for the doctrine. But the court neither applied these standards nor distinguished these cases to its situation. Instead, *Bayer...
asserted that its situation was more similar to *Danjaq* and *Computer Services* and reiterated that inevitable disclosure was *not* the law in California. This conclusion failed to note a crucial difference: both *Danjaq* and *Computer Services* involved summary judgment, whereas *Bayer* dealt with injunctive relief. The court concluded that inevitable disclosure contradicted California’s strong public policy favoring employee mobility and severely constrained its application. Although *Bayer*’s holding implies situations where the theory may apply, its emphasis on public policy raises serious doubts about any application of the doctrine.

The California Supreme Court’s treatment of the fifth case highlights the state’s difficulty with inevitable disclosure. In *Electro Optical Industries, Inc. v. White*, the court affirmed the lower court’s denial of an injunction preventing an employee from working for a direct competitor. But recognizing that California had not previously adopted inevitable disclosure, *Electro Optical* considered the rule “rooted in common sense” and explicitly adopted it. Unusually, the California Supreme Court ordered *Electro Optical* unpublished six months later. Although the supreme court’s rationale may have been unrelated to inevitable disclosure, its decision rendered *Electro Optical* meaningless.

California’s treatment of inevitable disclosure demonstrates the conflict between protecting employer’s trade secrets and ensuring employee mobility. Since California has a strong public policy favoring employees, it has been reluctant to adopt the theory. Cases supporting inevitable disclosure have been stripped of their authority while decisions opposing the theory have been incorrectly applied. *Bayer* remains the definitive California case specifically rejecting the doctrine’s use for injunctive relief, yet its analysis is flawed because it relies on *Danjaq* and *Computer Services* and overlooks the significance of the UTSA. However, other states applying California law have recognized the state’s outright rejection of the doctrine and also refused to apply it. In addition, Califor-
nia's strong interest in employee mobility has tipped the balance towards the application of its law in a choice of law situation. Thus, California's public policy is so strong that it has precluded application of inevitable disclosure both in California courts and in other courts applying California law.

2. Florida

Florida recognized inevitable disclosure under the common law, but a recent case raises doubts about the theory's application. In *Fountain v. Hudson Cush-N-Foam Corp.*, the plaintiff sought to enforce its employee's non-disclosure and non-compete agreements. The court could have enforced only the non-disclosure agreement, but it also prevented the employee from working for a competitor. Citing *Kodak*, the court said "it would seem logical to assume that [Fountain's] employment by a competitor of the appellee would eventually result in a disclosure of this information."

A recent federal case makes Florida's application of inevitable disclosure appear dim. In *Del Monte Fresh Produce Co. v. Dole Food Co.*, the plaintiff sought a preliminary injunction to prevent its former employee from working for a competitor in the absence of a non-compete agreement. Although the parties invoked both Florida and California law, the court held there was no conflict of law issue since both states had adopted the UTSA provision for threatened misappropriation. Thus, the court's analysis applied equally to both states. *Del Monte* recognized the viability of inevitable disclosure and acknowledged *PepsiCo* as the "principal case." But the court restricted its impact by holding that it only applied in the absence of a non-compete agreement. Since "this case is governed either by Florida or California law, and these states have not adopted the doctrine nor cited *PepsiCo* with approval," *Del Monte* declined to apply inevitable disclosure. Whereas Florida had not yet discussed the doctrine, California had definitely rejected it. Curiously, *Del Monte* discussed threatened misappropriation and inevitable disclosure as two separate claims, instead of recognizing inevitable disclosure as a method of proving threatened misappropriation. Nevertheless, the court discussed several factors supporting its rejection of the doctrine for

258. *Globespan, Inc. v. O'Neill*, 151 F. Supp. 2d 1229 (C.D. Cal. 2001). Since New Jersey did not have a comparable statute to California's Section 16600 favoring employee mobility, the court applied California law. *Id.* at 1234-35.
260. *Id.* at 233.
261. *Id.* at 234.
263. *Id.* at 1334.
264. *Id.* at 1336.
265. *Id.* (citing North Carolina and New York as the only jurisdictions following this interpretation of *PepsiCo*).
266. *Id.* at 1337.
the instant case.\textsuperscript{268}

Subsequent Florida cases may be able to distinguish \textit{Del Monte} because of its combined holding based on California law. If so, the factors discussed by \textit{Del Monte} parallel those of other jurisdictions. However, the court's lack of reference to \textit{Fountain} and strong language supporting California's rejection make adoption of inevitable disclosure unlikely.

3. Virginia

Virginia rejected inevitable disclosure in \textit{Government Technology Services, Inc. v. Intellisys Technology Corp.}\textsuperscript{269} The court recognized that Virginia had adopted the UTSA,\textsuperscript{270} but refused to consider inevitable disclosure as a means for proving threatened misappropriation.\textsuperscript{271} Although the decision contained no discussion or citations explaining the court's rationale, its explicit rejection of the doctrine makes favorable treatment unlikely.

E. Additional States and Jurisdictions

In 1999, the Practicing Law Institute ("PLI") published an excellent overview of inevitable disclosure and cited twenty-one states as supporting it.\textsuperscript{272} This comment examines most of PLI's cases, but there are some differences since PLI did not discuss states rejecting the doctrine. Additionally, some cases do not use the term "inevitable," so opinions can differ over whether an individual case actually supports the doctrine. Examples of these differences include Kansas,\textsuperscript{273} Louisiana,\textsuperscript{274} and Wisconsin.\textsuperscript{275} A recent law review article advocating South Carolina's adoption

\textsuperscript{268} Id. at 1339. Dr. Funk took no documents with him. Dole was aware of Dr. Funk's confidentiality obligations to Del Monte and sought to preserve them. Dr. Funk's duties at Dole differed from his duties at Del Monte. There was no evidence that Dr. Funk had disclosed any confidential information or that he had any intention of doing so.


\textsuperscript{270} Id. at *1 (citing VA. CODE ANN. § 59.1-337(A) (Michie 1998)).

\textsuperscript{271} Id. ("Virginia does not recognize the inevitable disclosure doctrine.").


\textsuperscript{273} Id. at 415 (citing Sprint Corp. v. Deangelo, 12 F. Supp. 2d 1188 (D. Kan. 1998)). The plaintiff claimed that its former employee would "necessarily" utilize information while working for a competitor. \textit{Sprint}, 12 F. Supp. 2d at 1194. Although similar to PepsiCo, \textit{Sprint} never referenced it or the theory of inevitable disclosure and held that irreparable harm was not proven. \textit{Sprint}, 12 F. Supp. 2d at 1195.

\textsuperscript{274} Sheinfeld & Chow, supra note 272, at 415 (citing Standard Brands, Inc. v. Zumpe, 264 F. Supp. 254 (E.D. La. 1967)). But \textit{Standard Brands} held that injunctive relief was not possible for inevitable disclosure because of Louisiana's strong public policy favoring employees. \textit{Standard Brands}, 264 F. Supp. at 265. Since Louisiana has since enacted the UTSA, it is unclear how the doctrine would be treated today.

\textsuperscript{275} Sheinfeld & Chow, supra note 272, at 422 (citing \textit{La Calhene}). The trade secrets claim in \textit{La Calhene} was decided under Minnesota law. \textit{See} discussion supra notes 64-66.
of inevitable disclosure also contains a survey of the doctrine.\textsuperscript{276}

Since state law controls trade secret misappropriation, the majority of cases examining inevitable disclosure have been state courts. But the Fifth, Seventh and Eighth Circuits have specifically relied on the doctrine\textsuperscript{277} and other circuit courts have upheld decisions relying on inevitable disclosure.\textsuperscript{278}

\section*{IV. CONCLUSION}

To determine whether inevitable disclosure has emerged as a clear "doctrine," presumptions regarding its fundamental elements must be tested. First, \textit{PepsiCo} relied on the Uniform Trade Secrets Act, so a state's enactment of the Act should indicate its treatment of inevitable disclosure. But this presumption fails because UTSA states have rejected inevitable disclosure while non-UTSA states have adopted the theory.\textsuperscript{279} Second, \textit{PepsiCo} enjoined a non-technical employee so other states should apply inevitable disclosure in similar situations. Although some courts have adopted \textit{PepsiCo}'s analysis, many criticize it as expansive and only enjoin technical employees. Third, \textit{PepsiCo} considered the employee's knowledge, the similarity in the employee's positions, and the employee's lack of candor. While these factors appear frequently, they have not formed the core elements of inevitable disclosure. Some courts discard the employee's conduct while others require the existence of a restrictive agreement. Since presumptions are difficult to make about the elements of inevitable disclosure, the theory shares more characteristics with an equitable tool than with a "doctrine."

However, the ephemeral nature of the theory does not hinder its application. As with pornography, courts recognize inevitable disclosure when they see it although they are unable to agree on its definition. Courts have been using the legal reasoning underlying the theory for almost a century, and they are likely to continue doing so.

\begin{footnotesize}
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\item \textsuperscript{277} For the Fifth Circuit, see \textit{Varco}, 677 F.2d at 504. For the Seventh Circuit, see \textit{PepsiCo}, 54 F.3d at 1272. For the Eighth Circuit, see \textit{Modern Controls, Inc. v. Andreadakis}, 578 F.2d 1262, 1270 (8th Cir. 1978) (reversing lower court's denial of injunctive relief and holding that potential disclosure should be examined when determining irreparable harm).
\item \textsuperscript{278} See \textit{Campbell Soup}, 47 F.3d at 470 n.4 (1st Cir.); \textit{Amoco}, 614 F.2d at 351 (3d Cir.).
\item \textsuperscript{279} California and Virginia have enacted the UTSA but rejected \textit{PepsiCo}'s interpretation. New Jersey and New York have not enacted the UTSA, but they have adopted inevitable disclosure.
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