

\$66 Million Trade Secret Verdict in California

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Last week, a California jury awarded Lumileds LLC, an LED light developer, \$66 million after finding that the Chairman of Elec-Tech International Company recruited a now-former Lumileds engineer to steal five types of Lumiled's trade secrets and bring them to Elec-Tech. The engineer copied thousands of files containing Lumiled's trade secrets and other information to a portable storage device before moving to China and beginning to work for Elec-Tech. According to the complaint, the engineer had been in discussions with Elec-Tech about a potential job nearly a year before he left his position at Lumileds, and once he joined Elec-Tech, the company began selling an LED product in an "unprecedented" amount of time.

While Elec-Tech argued that it independently developed its technology, the \$66 million figure verdict reflected how much the jury determined Elec-Tech would have spent on research and development had it not possessed Lumiled's trade secrets. The jury did not find that any of the defendants (the engineer, Elec-Tech, or its Chairman) acted "willfully and maliciously" when misappropriating Lumiled's trade secrets.

Notably, in 2015, a federal court dismissed a Computer Fraud and Abuse Act claim Lumileds previously asserted based on the same conduct, because among other things, Lumiled's engineer had been authorized to access the information he allegedly stole, and Lumiled's could not base a claim on "indirect" access by Elec-Tech's Chairman.

TIP: Trade secret laws offer powerful protection and may provide avenues for legal remedies, including large damages judgments, that other laws will not.

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