

Unmanned Aerial Systems Manufacturer Accuses Former Consultant of Building a Product Using Its Trade Secrets

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On February 5, 2019, an unmanned aerial systems (UAS) manufacturer, Volans-I, filed a complaint in federal court in California against its former consultant, SpektreWorks, alleging that SpektreWorks used trade secrets obtained during their partnership to design and manufacture rival aircrafts.

According to the complaint, two years ago, Volans-I was striving to create UASs that could transport equipment across long distances. Initially, it partnered with SpektreWorks to develop an autopilot system that could be controlled over a cellular network. Pleased with the results, Volans-I then commissioned SpektreWorks to provide general consulting services for Volans-I's development of its long-range, high-payload UASs. Under the consulting agreement, Volans-I owned all intellectual property rights to work product, and SpektreWorks agreed to keep all project information confidential. Following this work, Volans-I successfully brought certain long-range UASs to market.

Last year, SpektreWorks released its own UAS that Volans-I believes is a counterfeit version of one of Volans-I's long-range UASs. Specifically, Volans-I alleges that SpektreWorks developed this UAS by copying Volans-I's avionics board and relying on calculations and analyses completed by Volans-I's engineers. Volans-I contends that, but for the information SpektreWorks gained during its confidential business partnership with Volans-I, SpektreWorks would not have been able to create its UAS as quickly and cost-effectively as it did. Volans-I has sued SpektreWorks for, among other things, misappropriation of trade secrets, breach of contract, conversion, and unfair competition, and seeks injunctive relief and damages.

TIP: Joint ventures, partnerships, and consulting arrangements can create vulnerabilities for companies when it comes to protecting their trade secrets. It is important for companies to think critically about the breadth of information shared and manner in which it is shared, and to incorporate clear and strong confidentiality terms in agreements, as well as terms relating to return or destruction of information after the relationship ends.

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