

The Eighth Circuit Dismisses Trade Secret Claims for Failure to Timely Bring Suit

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On April 4, 2019, the Eighth Circuit Court of Appeals affirmed summary judgment in a theft of trade secrets case in favor of Iowa Parts, a company that allegedly used intellectual property owned by a competitor, CMI Roadbuilding, after concluding that CMI failed to assert a timely claim. See *CMI Roadbuilding, Inc. v. Iowa Parts, Inc.*, 920 F.3d 360 (8th Cir. 2019). Notably, the Court concluded that the statute of limitations clock for CMI's Defend Trade Secret Act (DTSA) claim began to run as soon as CMI was on notice that its trade secrets were being misused by Iowa Parts.

The DTSA has a three-year statute of limitations. See 18 U.S.C. § 1836(d). The Court, in this case, determined that CMI knew that its component part technology was being utilized by Iowa Parts as early as 2002. However, CMI did not bring suit against Iowa Parts until 2016, when Iowa Parts suddenly and drastically raised its prices on competing products. Based on the record at summary judgment, the Court noted several instances from 2002 to 2014 where it concluded that CMI either knew or should have known that its technology was being utilized and advertised by Iowa Parts. The Court concluded that CMI's delay in filing from 2002 to 2016 extinguished all of CMI's potential DTSA claims, explaining: "At the point [CMI] was on notice there was a possible problem, it had a duty to investigate, regardless of its exact knowledge."

TIP: It is important for companies to promptly and diligently investigate potential misappropriations of trade secrets to preserve legal rights under the federal DTSA.

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