

Judge Upholds “Willful and Malicious” Trade-Secret Misappropriation Verdict in Produce Preservation Case

DECEMBER 14, 2020

The Delaware District Court Judge that presided over a five-day jury trial between AgroFresh, Inc. (AgroFresh), UPL Ltd. and several of UPL's subsidiaries, including Decco U.S. Post-Harvest, Inc. (Decco), has declined to disturb the jury's finding that Decco willfully and maliciously misappropriated AgroFresh trade secrets under the Defense Trade Secret Act (DTSA) and Pennsylvania Uniform Trade Secrets Act (PUTSA).

AgroFresh developed SmartFresh, a product that preserves harvested produce by releasing a gas that delays ripening, with the help of a consultant. While this consultant was still under contract with AgroFresh, he began working with Decco to develop a near identical product “TruPick.” Decco knew when it began working with the consultant that he was under contract with AgroFresh, but allowed the relationship to continue based on assurances from the consultant that he owned the proprietary information he revealed to Decco and was therefore not in breach of contract. This was erroneous. The information belonged to AgroFresh and was found to contain bona fide trade secrets.

Judge Noreika held that the jury was reasonable in finding that this refusal to review the contract or conduct a “meaningful investigation” into the consultant's contractual obligations to AgroFresh—combined with other dubious acts such as actively concealing the consultant's burgeoning relationship with Decco from AgroFresh—constituted willful and malicious misappropriation.^[1] The willful and malicious finding is significant because it exposes defendants to attorney's fees and exemplary damages under the DTSA, which can range as high as two times the amount of actual damages and unjust enrichment. See 18 U.S.C. § 1836(b)(3)(C)-(D).

Exemplary damages, which are awarded at the discretion of the court, were not given in this case. This is in part because the defendants were already obligated to pay \$6 million in punitive damages (lowered from \$24 million after Judge Noreika found the jury award to be excessive and in violation of the 14th Amendment) and because Decco recalled TruPick immediately upon a court ruling that the consultant did not own the proprietary information.

It is unclear at this time whether UPL plans to appeal the ruling. The Case No. is 1:16-cv-00662 and is in the U.S. District Court for the District of Delaware.

Tip: If you are working with an individual who you suspect may be disclosing trade secrets or other proprietary information, do not bury your head in the sand – investigate. Reckless indifference can be grounds for willful and malicious misappropriation.

Bonus Tip: If you are the Plaintiff, define your trade secrets as soon as possible. Judge Noreika admonished AgroFresh for refusing to define the trade secrets it alleged UPL misappropriated, unnecessarily delaying the litigation.

[1] “Willful and malicious” is not defined in the DTSA (*cf.* 18 U.S.C. § 1839), but is defined under PUTSA as “intentional acts or gross neglect of duty as to evince a reckless indifference of the rights of others on the part of the wrongdoer, and an entire want of care so as to raise the presumption that the person at fault is conscious of the consequences of his carelessness.” 12 Pa. Con. Stat. Ann. § 5302.

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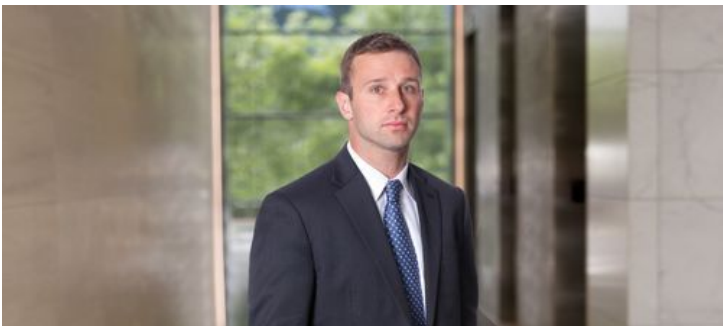
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