

A man in a dark suit and tie is shown from the chest up, pointing his right index finger towards a glowing digital interface. The interface consists of a grid of white dots and lines, with a bright light emanating from the point of contact. The background is a dark blue with white circuit-like patterns and lines.

# California's Disclosure Requirement in Trade Secret Litigation

By Thomas M. Morrow



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A party asserting a claim of trade secret misappropriation under California law is required by statute to describe the trade secrets at issue with “reasonable particularity” before that party is permitted to take discovery relating to the misappropriation claim.<sup>1</sup> This is unique in that while other states’ laws may require disclosure of the asserted trade secrets early in a suit, only California expressly conditions the trade secret holder’s right to take discovery on the service of such disclosure.<sup>2</sup>

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## THE SEEDS FOR THE REASONABLE

particularity requirement were sown by a 1968 decision of the California Court of Appeal for the Second District. *Diodes, Inc. v. Franzen* involved a lawsuit brought by a semiconductor manufacturer against its former president and vice president, accusing them of taking with them the company's trade secrets when they decamped to form a competing entity. The defendants' demurrers to the original, second amended and third amended complaints were sustained by the trial court on the basis that the plaintiff had failed to plead facts establishing that it owned a protectable trade secret. After the third such failure, the trial court dismissed the trade secrets claim.<sup>3</sup>

On appeal, the *Diodes* court made clear that while a trade secret plaintiff need not "spell out the details of the trade secret" in its public filings, thereby destroying the confidential nature of the secret, such plaintiff could not merely rely on conclusory allegations of a "secret process," and must allege facts that, if proven, ultimately would establish the existence of a trade secret. In dicta, the appellate court suggested such showing should be made before discovery began:

Before a defendant is compelled to respond to a complaint based upon claimed misappropriation or misuse of a trade secret and to embark on discovery which may be both prolonged and expensive, the complainant should describe the subject matter of the trade secret with sufficient particularity to separate it from matters of general knowledge in the trade or of special knowledge of those persons who are skilled in the trade, and to permit the defendant to ascertain at least the boundaries within which the secret lies.<sup>4</sup>

Taking as an example a claim of misappropriation of a secret manufacturing process, the Court of Appeal stated that such plaintiff should identify the end product made through such process, along with sufficient data about the process to give reasonable notice to the trial court and the defendant "of the issues which must be met at the time of trial and to provide reasonable guidance in ascertaining the scope of appropriate discovery." Because the plaintiff's third amended complaint contained only "circumlocution and innuendoes" about the manufacturing process at issue, alleging nothing more specific than "a hint that it had something to do with the manufacture of diodes," the trial court's dismissal of the claim was affirmed.

### Legislature's Codification of *Diodes* as Cal. Code. Civ. P. 2019.210

When in 1984 the state legislature enacted California's Uniform Trade Secrets Act (CUTSA), Cal. Civ. Code §§3426 *et seq.*, the State Bar recommended codifying the foregoing dicta from *Diodes*. A memorandum circulated among the legislature before CUTSA's passage amplified the concerns animating the dicta in *Diodes*. The memorandum highlighted the potential for a plaintiff to misuse the legal process by filing a trade secret suit for the improper purpose of harassing or driving out of business a competitor by

subjecting the competitor to expensive litigation. As the legislature saw it:

For example, where a plaintiff's employee quits and opens a competing business, a plaintiff often files a lawsuit for trade secret misappropriation which states that the defendant took and is using the plaintiff's trade secrets, but does not identify the trade secrets. The plaintiff can then embark upon extensive discovery which the new business is ill equipped to afford. Furthermore, by not informing the defendant with any degree of specificity as to what the alleged trade secrets are, defendant may be forced to disclose its own business or trade secrets, even though those matters may be irrelevant, and the defendant may not learn the exact nature of the supposedly misappropriated trade secrets until the eve of trial.<sup>5</sup>

Thus, four purposes are served by the reasonable particularity requirement. First, it incentivizes the trade secret plaintiff to thoroughly investigate its claims—and consequently, define the boundaries of the trade secret to be asserted—before filing suit. Second, and relatedly, it burdens a plaintiff who aims to use the discovery process less to prove a valid misappropriation case but more to obtain the trade secrets of its competitor, the defendant. Third, a plaintiff's compliance with the requirement helps the trial court ascertain the scope of reasonable discovery for the case, and better determine whether a plaintiff's discovery requests (where challenged) fall within that scope. Fourth, it helps defendants by giving them a fixed target to aim at, rather than permitting the scope of the plaintiff's asserted trade secrets to amount to a moving target throughout the case until trial.<sup>6</sup> The latter two goals have been deemed by the Second District Court of Appeals to be the most important.<sup>7</sup> The reasonable particularity requirement was ultimately codified as Section 2019.210 of the Code of Civil Procedure.

As one would expect, the majority of challenges raised under Section 2019.210 are made at the outset of the case, with discovery poised to begin. Challenges have been raised in a variety of ways. Defendants have invoked the statute by, among other things, moving for a protective order staying trade-secret-related discovery, a motion for more definite statement, and a motion to compel disclosure.

### Standards a Trade Secret Plaintiff Must Meet to Satisfy Section 2019.210

To comply with Section 2019.210 and be entitled to begin discovery relating to a trade secret misappropriation claim (and any other differently styled claims that nonetheless are rooted in the same factual premise of trade secret theft),<sup>8</sup> a plaintiff must, after entry of a suitable protective order,<sup>9</sup> serve on the opposing party a written designation of each trade secret being asserted. The designation must provide "sufficient particularity to limit the permissible scope of discovery by distinguishing the trade secrets from matters of general knowledge in the trade or of special knowledge of those persons skilled in the trade."<sup>10</sup> The designation is not

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a pleading, but courts have commented that “it functions like one” because it is used to limit the scope of discovery comparable to the way that the bounds of permissible discovery often are determined based on the scope of the allegations in a complaint.<sup>11</sup>

Whether or not a plaintiff’s designation provides “sufficient particularity” will always be a case by case determination. “[T]he law is flexible enough for the referee or the trial court to achieve a just result depending on the facts, law, and equities of the situation.”<sup>12</sup> However, courts have identified some limits on how precise a plaintiff’s designation must be. The plaintiff is not required “to define every minute detail of its claimed trade secret” at the beginning of the case, nor must the designation be so specific as to permit a merits ruling by the trial court or discovery referee as to plaintiff’s claim to possess trade secrets.<sup>13</sup> “Absolute precision” is not required, merely “reasonable particularity,” which means only that the plaintiff’s designation of its trade secrets must be “reasonable, i.e., fair, proper, just and rational under all of the circumstances . . . allow[ing] the trial court to control the scope of subsequent discovery, protect all parties’ proprietary information, and allow them a fair opportunity to prepare and present their best case or defense at a trial on the merits.”<sup>14</sup>

Three decisions from the California Court of Appeals are instructive.

### ***Advanced Modular Sputtering v. Superior Court (2005)***

In *Advanced Modular Sputtering, Inc. v. Superior Court*, the Second District Court of Appeal vacated a trial court’s determination that a plaintiff’s trade secret designation lacked the requisite particularity, which had barred the plaintiff from conducting discovery as to its misappropriation claim. The technology at issue in the 2005 case involved depositing thin films of material onto substrates such as silicon wafers, useful for semiconductor manufacturing. The plaintiff had supplied three successive trade secret designations, each of which was objected to by the defendant (relying on expert witness declarations). The plaintiff responded with its own expert designations, attesting that the trade secrets were adequately described, and that the subject matter of the trade secrets was not generally known by those of skill in the art. Nonetheless, the discovery referee appointed by the trial court rejected the designations as lacking “meaningful particularity.”

On appeal, the referee’s view was deemed “rather stingy” by the Second District Court of Appeal. As the appellate court saw it, the plaintiff had identified eight distinct trade secrets and explained its contention that the trade secrets were distinguishable over the knowledge of those of skill in the art. The reviewing court also discussed the disagreement between the experts as to the adequacy of the designations, and opined that the plaintiff was not required to convince the defendant’s experts; what mattered more was that the plaintiff’s experts vouching for the sufficiency of the designation were credible and

could declare that they were capable of understanding the designation and distinguishing the trade secrets from the knowledge already existing in the art.

In such cases, the *Advanced Modular* court held, the designation generally should be deemed acceptable and discovery permitted to proceed. “Our discovery statutes are designed to ascertain the truth, not suppress it. Any doubt about discovery is to be resolved in favor of disclosure.”<sup>15</sup>

### ***Brescia v. Angelin (2009)***

Four years later, the Second District Court of Appeal returned to the topic in *Brescia v. Angelin*, and reached a similar result, but refined the understanding of its *Advanced Modular* decision.

*Brescia* was a decidedly lower-tech case than its predecessor; *Brescia* concerned pudding formulas (albeit high-protein, lower-carbohydrate formulas) and manufacturing methods. The plaintiff submitted a single-page designation for the pudding formula that provided both a list of the 15 specific ingredients in the pudding, along with their corresponding concentration, and a list of the 15 ingredients by their brand name along with the identity of the supplier of each. For the manufacturing process, the plaintiff submitted a single-page designation that described each step in the mixing, testing and code marking of the pudding product. Unimpressed, the defendants objected to the designations as inadequate for failing to distinguish the alleged trade secrets over the knowledge generally possessed by those of skill in the commercial food science field.

The trial court agreed with the defendants. Noting the emphasis the *Advanced Modular* decision had placed on the trade secret designation’s capability of distinguishing the trade secret over the general knowledge in the field, the trial court in *Brescia* saw the pudding plaintiff’s designation as “doomed to failure, because there’s no attempt even to commence to describe why this formula is unique and not known to others. It’s just a formula [and] a cooking or manufacturing process of many steps. Some of which . . . are actually fairly familiar . . .”<sup>16</sup>

On appeal following a stipulated dismissal of the plaintiff’s claim, the Second District Court of Appeal reversed. Addressing the extent to which a trade secret designation must distinguish the alleged trade secret from the knowledge generally possessed by skilled persons, the reviewing court held that this turned on “the nature of the alleged secret and the technology in which it arises,” most importantly, whether the designation (1) permitted the defendant to determine whether, and in what way, the alleged secret could be distinguished from the general knowledge possessed in the art, and (2) permitted the trial court to decide upon a suitable scope of discovery.

Absent a showing that the details alone, without further explanation, are inadequate to permit the defendant to discern the boundaries of the trade secret so as to prepare available defenses, or to permit the court to understand the identification so as to craft discovery, the trade secret claimant need not particularize how

the alleged secret differs from matters already known to skilled persons in the field. Further, consistent with precedent, the trade secret designation is to be liberally construed, and reasonable doubts regarding its adequacy are to be resolved in favor allowing discovery to go forward.<sup>17</sup>

### ***Perlan Therapeutics v. Superior Court (2009)***

Later the same year, the Fourth District Court of Appeal considered the question in *Perlan Therapeutics v. Superior Court*, and reached a different result, upholding the trial court's determination—in a close case—that the plaintiff's trade secret designation was insufficiently particular. Perlan, a nasal spray manufacturer, sued its former officers who had left the company to form a competing entity. Perlan's amended Section 2019.210 disclosure was challenged on the grounds that, though it contained highly technical language in places, it was on balance "a non-committal collection of loosely worded conclusory allegations ...."

Defendants further challenged the disclosure's lack of an explanation for how the various compounds and processes mentioned in the disclosure were used in the plaintiff's alleged trade secrets. And the defendants particularly were concerned about language that appeared to be serving a placeholder function—"all related research, development advancements, improvements, and processes related thereto." The trial court sided with the defendants, holding that Perlan appeared to be suing over several trade secrets, without having clearly identified all of them.<sup>18</sup>

On appeal, the Fourth District Court of Appeal concluded that Perlan could have, but refused to, provide a more specific description of at least one of its alleged trade secrets. It also decided that Perlan possessed only three trade secrets, but was trying to reserve the right to unilaterally amend its trade secret designation to cover claims it might develop as discovery in the suit progressed.

The reviewing court pointed out the specific pitfalls it deemed the trial courts in *Advanced Modular* (improperly weighing competing expert declarations, escalating the discovery dispute into a miniature trial on the merits) and *Brescia* (requiring a distinction over publicly available knowledge, despite the fact that the secret had been described with precision) fell into.

Ultimately, the appellate court upheld the trial court's determination. "Perlan is not entitled to include broad, catch-all language as a tactic to preserve an unrestricted, unilateral right to subsequently amend its trade secret statement."<sup>19</sup> Nor was it "entitled to hide its trade secrets in plain sight by including surplusage and voluminous attachments" in its Section 2019.210 disclosure.<sup>20</sup> Because these characteristics of Perlan's disclosure created vagueness, the appellate court held that the trial court had not abused its discretion in deciding that the disclosure failed to satisfy Section 2019.210.<sup>21</sup>

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## **Lessons of *Advanced Modular*, *Brescia* and *Perlan Therapeutics***

The trio of decisions from the California Court of Appeals helpfully presents two Section 2019.210 designations that were sufficient and one that was not. Two of the cases involved highly technical subject matter, one did not. One case presented the ultimate in conciseness (two single-page disclosures, one for each trade secret), while another suffered from surplusage, catch-all language, and excessive reference to voluminous attachments. Thus, these three cases show how California courts treat a variety of factors that are important to a Section 2019.210 determination.

*Perlan* reminds that the appellate courts review for abuse of discretion. Though the Section 2019.210 designation in that case was flawed, the appellate court's opinion permits the inference that a different trial court, reviewing a comparable designation, could have found it acceptable. *Perlan* held that the trial court was not required to accept the proffered designation, and that its decision not to accept it was, on balance, not an abuse of discretion. But attorneys encountering comparable disclosures will know that it was a close call, and their trial court may find that on balance, a comparable disclosure will be acceptable.

*Perlan's* specific criticism of "catch-all language" and a failure to enumerate the specific, discrete trade secrets being asserted amount to good precedent for defendants who encounter such language in an opponent's Section 2019.210 designation. The opinion strengthens a defendant's argument that such language forecasts an intent to expand the trade secret claims once discovery opens, and should not be permitted.<sup>22</sup>

*Brescia* extols the virtues of conciseness. Given the low-tech nature of the trade secrets at issue, the two total pages of disclosure provided all the information needed to understand the boundaries of the trade secrets at issue. *Brescia* shows that the object of a Section 2019.210 challenge is not to reach a determination of whether or not the plaintiff has a protectable trade secret or meritorious claim, but rather, to stake out the boundaries of such claim, even where it may be apparent that the claim cannot be distinguished from the knowledge commonly possessed by those of skill in the art. In such circumstance, the defendant may take advantage of this by demonstrating that the alleged secret was in fact commonly known, but this will be done at the summary judgment stage rather than the outset of discovery.

*Advanced Modular's* liberal view of Section 2019.210 is cheering for trade secret plaintiffs. The decision's reminder that "discovery statutes are designed to ascertain the truth, not suppress it [and that any] doubt about discovery is to be resolved in favor of disclosure" are useful weapons for plaintiffs in cases where the propriety of a Section 2019.210 designation is a close call.

## Applying Section 2019.210 to Other Claims Sharing the Same Premise of Misappropriation

Where multiple causes of action are found in a complaint alongside a claim of trade secret misappropriation, and some or all the other causes of action share the same factual premise of misappropriation by the defendant, courts have applied Section 2019.210 to those claims, and required a reasonably particular disclosure of the trade secrets at issue before permitting the plaintiff to begin discovery as to all claims sharing the misappropriation premise—not solely the trade secret claim itself. This result stems from a close reading of the statute, and the fact that it is not “cause of action specific,” as the *Advanced Modular* court put it, deciding that “[w]here, as here, every cause of action is factually dependent on the misappropriation allegation, discovery [as to all of plaintiff’s claims] can commence only after the allegedly misappropriated trade secrets have been identified with reasonable particularity as required by 2019.210.”<sup>23</sup> Similarly, in *Neothermia Corp. v. Rubicor Medical, Inc.*, the U.S. District Court for the Northern District of California found Section 2019.210 applicable “not only to theft of trade secrets but also to disclosure of [trade] secrets in violation of a nondisclosure agreement.”<sup>24</sup>

A recent decision by the same court, however, held that it matters whether the claim required a showing of trade secrets, or merely confidential information. *Tessera, Inc. v. Adv. Micro Devices, Inc.*, distinguished *Neothermia* because “in that case, the plaintiff asserted that the defendant had wrongfully disclosed its trade secrets in violation of a nondisclosure agreement,”<sup>25</sup> whereas in *Tessera*, the contract breach claim could be made out by showing that confidential material—but not necessarily trade secret material—was disclosed without permission. Thus, “trade secrets” were not at issue in the contract breach claim, and as such, Section 2019.210 did not apply.<sup>26</sup>

## Some Do, Some Don’t—Uneven Application in Federal Court

Federal courts have not uniformly decided whether Section 2019.210, as a state rule of civil procedure, may be used in federal court. Early decisions assumed its applicability without deciding the issue. And in the 1999 decision styled *Computer Economics, Inc. v. Gartner Group, Inc.*, the U.S. District Court for the Southern District of California held that the statute did apply, because it prevented forum shopping between California federal and state courts.<sup>27</sup>

A few years later, in *Excelligence Learning Corp. v. Oriental Trading Co., Inc.*, the Northern District of California determined that Section 2019.210 was not binding, but applied it anyway given the absence of a parallel trade secret discovery provision in the Federal Rules of Civil Procedure.<sup>28</sup> But in 2007, the Eastern District of California decision, *Funcat Leisure Craft, Inc., v. Johnson Outdoors, Inc.*, declined to apply it, finding that

it conflicted with Rule 26 of the Federal Rules of Civil Procedure.<sup>29</sup> Other decisions from the Eastern District followed the *Funcat Leisure* analysis, and a Southern District decision, *Hilderman v. Enea TekSci, Inc.* did too.<sup>30</sup>

In 2010, a decision from the Northern District of California, *Interserve, Inc. v. Fusion Garage PTE, Ltd.*, took a different approach, and applied §2019.210 as a case management tool to a claim for misappropriation of business ideas. “As a matter of case management, this court generally requires a party claiming misappropriation of trade secrets to adequately identify those trade secrets before conducting discovery into its opponents’ proprietary information.”<sup>31</sup>

More recently, in the past year, the *Gabriel Technologies Corp. v. Qualcomm, Inc.* decision from the Southern District of California and the *Social Apps, LLC v. Zynga, Inc.* decision from the Northern District of California performed the Erie analysis, and decided they could properly apply §2019.210 in a diversity case in federal court.

The *Gabriel Technologies* court held that the statute “does not conflict with a federal rule, is a substantive state law and even if that were questionable, which it is not, its non-application would result in undesirable forum shopping.”<sup>32</sup> The *Zynga* court also decided to apply it, deciding that “Section 2019.210 does not conflict with any Federal Rule of Civil Procedure but rather assists the court and parties in defining the appropriate scope of discovery.”<sup>33</sup>

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## Section 2019.210 in Perspective

Section 2019.210 is a rule that must be understood by everyone litigating trade secret claims under California law. Its application always turns on the facts of the case, and the content of the trade secret designation. However, the clarity of the statute, the legislative history, and the applicable case law provide a degree of guidance and certainty.

Plaintiffs should make a good faith effort to provide a designation that assists the court in ascertaining suitable limits for discovery, and that under the circumstances, gives the defendant reasonable notice as to the scope of the trade secrets being asserted. A plaintiff need not provide a disclosure so specific that it puts its trade secrets at risk. For example, where a plaintiff believes the defendant is improperly using the plaintiff's trade secrets, but without understanding exactly how they are to be used, such plaintiff need not give away the necessary information in the Section 2019.210 designation. Rather, the disclosure merely need be reasonable under the circumstances.

For defendants, Section 2019.210 is useful to pinpoint the specifics of the trade secret being asserted. The defendant will want to use the discovery period to develop evidence of the knowledge commonly held by those in the art, and this is more successfully done when the target being aimed at—the plaintiff's description of its trade secret—is fixed rather than moving.

Defendants also use Section 2019.210 to ensure that reasonable limits are applied to discovery. It is well for defendants to remember that Section 2019.210 is merely focused on ascertaining the boundaries of the trade secret, without determining whether such trade secret can support a meritorious claim. However, defendants can take heart in noting that a plaintiff's struggles to make the requisite trade secrets identification may alert the court to a potential problem, and may incentivize the court to hear a merits motion earlier than it otherwise would.

For example, in *Art of Living Foundation v. Does 1-10*, the plaintiff's struggles to make the requisite showing left the trial court unimpressed. It issued an opinion asserting that the opportunity to file a second amended trade secret disclosure was the plaintiff's last chance to amend its trade secret designations with particularity. If the plaintiff still could not adequately identify its trade secrets, the defendants were invited to move for summary judgment on the plaintiff's claim, and the court would not entertain a Rule 56d motion from the plaintiff on the issue.<sup>34</sup> Thus, though Section 2019.210 is not a vehicle by which to directly challenge the merits of a plaintiff's trade secrets claim, it can in certain cases be used to hasten such challenge down the road. 🏃



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<sup>1</sup> This requirement can be found at Cal. Code Civ. P. §2019.210. The statutory provision reads in pertinent part: "In any action alleging the misappropriation of a trade secret under the Uniform Trade Secrets Act . . . before commencing discovery relating to the trade secret, the party alleging the misappropriation shall identify the trade secret with reasonable particularity subject to any orders that may be appropriate under Section 3426.5 of the Civil Code." Cal. Code Civ. P. §2019.210. The statute has been described as "clear and requiring little if any interpretation and construction." *Advanced Modular Sputtering, Inc. v. Superior Court*, 132 Cal. App. 4th 826, 834 (2005).

<sup>2</sup> See *Computer Economics, Inc. v. Gartner Group*, 50 F.Supp.2d 980, 984 n.3 (S.D. Cal. 1999) ("Although over 42 states have adopted some variant of the Uniform Trade Secrets Act, California appears to be the only state with a statutory rule that postpones discovery pending a plaintiff's identification of its trade secrets."). Only the plaintiff's ability to proceed with discovery is affected by Section 2019.210. "Although plaintiff cannot commence discovery until [the requisite] description is provided, defendant's right to proceed with discovery is not affected." *Resonance Technology*, 2008 WL 4330288, \*4 (C.D. Cal. 2008) (orig. emph.).

<sup>3</sup> *Diodes, Inc. v. Franzen*, 260 Cal. App.2d 244, 250 (1968).

<sup>4</sup> *Diodes*, 260 Cal. App.2d at 253.

<sup>5</sup> The legislative history of the reasonable particularity requirement, initially codified at Cal. Code Civ. P. §2036.2, then at §2019(d), now at §2019.210, is concisely traced by *Computer Economics*, 50 F.Supp.2d at 984-85.

<sup>6</sup> See *Computer Economics*, 50 F.Supp.2d at 985.

<sup>7</sup> *Brescia v. Angelin*, 172 Cal. App. 4th 133, 149 (2009).

<sup>8</sup> *Advanced Modular Sputtering*, 132 Cal. App. 4th at 834; *Neothermia Corp. v. Rubicor Medical, Inc.*, 345 F.Supp.2d 1042, 1043 (N.D. Cal. 2004).

<sup>9</sup> The plaintiff's logical entitlement to a protective order and various other remedies to protect the confidentiality of the trade secrets to be disclosed is made express by the last clause of §2019.210, clarifying that the identification of trade secrets is "subject to any orders that may be appropriate under Section 3426.5 of the Civil Code," which pertain to protective orders, in camera reviews and sealing of court docs. Cal. Code Civ. P. §2019.210; *Advanced Modular Sputtering*, 132 Cal. App. 4th at 835.

<sup>10</sup> *Advanced Modular Sputtering*, 132 Cal. App. 4th at 835.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 835-36; see also *Brescia*, 172 Cal. App. 4th at 149 ("The statute . . . does not create a procedural device to litigate the ultimate merits of the case—that is, to determine as a matter of law on the basis of evidence presented whether the trade secret actually exists . . . [S]ection 2019.210 [is not] a substitute for a summary judgment motion or a trial.").

<sup>14</sup> *Id.* at 835-36.

<sup>15</sup> *Id.* at 835-37.

<sup>16</sup> *Brescia*, 172 Cal. App. 4th at 139-142.

<sup>17</sup> *Id.* at 143.

<sup>18</sup> *Perlan Therapeutics, Inc. v. Superior Court*, 178 Cal. App. 4th 1333, 1340-42 (2009).

<sup>19</sup> *Perlan Therapeutics*, 178 Cal. App. 4th at 1350.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 1352.

<sup>22</sup> *Social Apps, LLC v. Zynga, Inc.*, 2012 WL 2203063, \*4-5 (N.D. Cal. 2012) also is helpful as an example of what will and won't fly as far as the substance of the disclosure. The *Zynga* court granted the defendant's motion to compel a further trade secret disclosure, and required the plaintiff to make the amended disclosure without reserving the right to amend, and that any further amendment made be made only upon showing good cause to the Court.

<sup>23</sup> *Advanced Modular Sputtering*, 132 Cal. App. 4th at 834-35 ("By its own express terms, section 2019.210 is not 'cause of action' specific. Rather, it refers to any 'action,' i.e., the entire lawsuit, 'alleging misappropriation of a trade secret.," citing *Neothermia Corp.*, 345 F.Supp.2d at 1043.

<sup>24</sup> *Neothermia Corp.*, 345 F.Supp.2d at 1043-44 (noting the definition of misappropriation in Cal Civ Code 3426.1(b)(2)(B)(ii)).

<sup>25</sup> *Tessera*, 2013 WL 210897, \*2 (N.D. Cal. 2013).

<sup>26</sup> *Id.*

<sup>27</sup> *Computer Economics*, 50 F.Supp.2d at 992.

<sup>28</sup> *Excellence Learning Corp. v. Oriental Trading Co., Inc.*, 2004 WL 2452834 (N.D. Cal. 2004).

<sup>29</sup> *Funcat Leisure Craft, Inc.*, 2007 WL 273949 (E.D. Cal. 2007).

<sup>30</sup> *Hilderman v. Enea TekSci, Inc.*, 2010 WL 143440, \*2-3 (S.D. Cal. 2010) (following *Funcat*) ("The Court finds that §2019.210 conflicts with Fed. R. Civ. P. 26.... If Section 2019.210 is applied and the plaintiff fails to make an adequate disclosure by the Rule 26(f) conference, the plaintiff is barred from engaging in discovery on his trade secret claims even though he would otherwise be permitted to do so under the Federal Rules. . . . Accordingly, the Court holds that §2019.210 does not apply to federal actions.")

<sup>31</sup> *Interserve, Inc.*, 2010 WL 1445553, \*3 (N.D. Cal. 2010).

<sup>32</sup> *Gabriel Technologies Corp. v. Qualcomm, Inc.*, 2012 WL 849167, \*4 (S.D. Cal. 2012).

<sup>33</sup> *Social Apps*, 2012 WL 2203063 at \*1-2.

<sup>34</sup> *Art of Living Foundation v. Does 1-10*, 2012 WL 1565281, \*22-23 (N.D. Cal. 2012).



# Test No. 60

This self-study activity has been approved for Minimum Continuing Legal Education (MCLE) credit by the San Fernando Valley Bar Association (SFVBA) in the amount of 1 hour. SFVBA certifies that this activity conforms to the standards for approved education activities prescribed by the rules and regulations of the State Bar of California governing minimum continuing legal education.

- The California Uniform Trade Secret Act (CUTSA) can be found at California Civil Code section 3426 *et seq.*  
 True  False
- CCP Section 2019.210 provides that a party alleging trade secret misappropriation bears the burden of identifying its trade secret with exacting specificity.  
 True  False
- CCP Section 2019.210 was part of CUTSA from its enactment in 1984.  
 True  False
- Where a party alleging trade secret misappropriation fails to serve a designation that sufficiently identifies its trade secret, the consequence is that its recoverable damages may be reduced.  
 True  False
- The identification of a party's trade secrets must be made in the court filing that asserts the misappropriation claim.  
 True  False
- A challenge to a party's identification of its trade secret may be made by a motion for protective order.  
 True  False
- A challenge to a party's identification of its trade secret must be made within the first thirty days after discovery formally opens, or the challenge is waived.  
 True  False
- CCP Section 2019.210's impact upon discovery is not limited to the party asserting trade secret misappropriation; it also impacts when discovery may be commenced by the party defending against the misappropriation claim.  
 True  False
- Section 2019.210 also creates a procedural device that permits a court to determine, as a matter of law, whether a trade secret actually exists.  
 True  False
- Diodes, Inc. v. Franzen* is the California Supreme Court's latest decision on CCP Section 2019.210.  
 True  False
- The determination whether a trade secret has been sufficiently identified is determined with respect to the facts of a particular case, not a bright-line rule.  
 True  False
- The "reasonable particularity" requirement has been held to apply to claims for unauthorized disclosure of trade secrets in violation of a nondisclosure agreement.  
 True  False
- No state other than California expressly conditions a plaintiff's right to discovery in support of a trade secret misappropriation claim on the sufficiency of the plaintiff's description of the trade secret.  
 True  False
- Before determining whether Section 2019.210 applies in federal court, federal judges test whether the subject matter of the trade secrets is "sufficiently high tech" to merit applying the statute.  
 True  False
- Though federal courts have disagreed about the ultimate decision whether to apply Section 2019.210, they do not dispute that the statute conflicts with Federal Rule of Civil Procedure 26.  
 True  False
- An important, emerging trend in federal court is the increasing frequency with which federal courts are making a determination on the merits of the trade secret claim at the initial Section 2019.210 hearing.  
 True  False
- A plaintiff may insist on the entry of a protective order before serving a Section 2019.210 designation.  
 True  False
- Section 2019.210 is sufficiently vague, with the potential to be construed so differently, that it has been described as "having something for everyone, whether a plaintiff or defendant."  
 True  False
- A plaintiff may file its Section 2019.210 designation under seal with the court.  
 True  False
- A single-page description of a single trade secret is per se inadequate under Section 2019.210.  
 True  False

## MCLE Answer Sheet No. 60

### INSTRUCTIONS:

- Accurately complete this form.
- Study the MCLE article in this issue.
- Answer the test questions by marking the appropriate boxes below.
- Mail this form and the \$15 testing fee for SFVBA members (or \$25 for non-SFVBA members) to:

San Fernando Valley Bar Association  
5567 Reseda Boulevard, Suite 200  
Tarzana, CA 91356

### METHOD OF PAYMENT:

- Check or money order payable to "SFVBA"
- Please charge my credit card for \$\_\_\_\_\_.

Credit Card Number \_\_\_\_\_ Exp. Date \_\_\_\_\_

Authorized Signature \_\_\_\_\_

- Make a copy of this completed form for your records.
- Correct answers and a CLE certificate will be mailed to you within 2 weeks. If you have any questions, please contact our office at (818) 227-0490, ext. 105.

Name \_\_\_\_\_

Law Firm/Organization \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State/Zip \_\_\_\_\_

Email \_\_\_\_\_

Phone \_\_\_\_\_

State Bar No. \_\_\_\_\_

### ANSWERS:

Mark your answers by checking the appropriate box. Each question only has one answer.

1.  True  False

2.  True  False

3.  True  False

4.  True  False

5.  True  False

6.  True  False

7.  True  False

8.  True  False

9.  True  False

10.  True  False

11.  True  False

12.  True  False

13.  True  False

14.  True  False

15.  True  False

16.  True  False

17.  True  False

18.  True  False

19.  True  False

20.  True  False