
Joseph J. Mahady

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BURYING THE INEVITABLE DISCLOSURE DOCTRINE IN THE NOOKS AND CRANNIES: THE THIRD CIRCUIT’S LIBERAL STANDARD FOR TRADE SECRET MISAPPROPRIATION IN BIMBO BAKERIES USA, INC. v. BOTTICELLA

JOSEPH J. MAHADY*

I. INTRODUCTION

Chris Botticella had a secret; in fact, Botticella was one of only seven people in the world with the detailed knowledge of the secret that generated $500 million in annual sales for his company.1 The secret was not that of a miracle drug, rather it was the original recipe and manufacturing process to produce the famous “nooks and crannies” in Thomas’ English Muffins.2 When Botticella decided to leave Bimbo Bakeries (Bimbo) and join Bimbo’s competitor, Hostess, Bimbo initiated a legal battle to protect its trade secret.3 The legal battle that ensued pitted competing public interests against one another and forced the Third Circuit to weigh in on a very unsettled and controversial area of the law.4

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1. See Bimbo Bakeries USA, Inc. v. Botticella, No. 10-0194, 2010 WL 571774, at *3 (E.D. Pa. Feb. 9, 2010) (stating defendant, Chris Botticella, is one of seven people with knowledge of all three components needed to replicate Thomas’ English Muffins and that Thomas’ English Muffins generated approximately $500 million in annual sales for Bimbo Bakeries), aff’d, 613 F.3d 102 (3d Cir. 2010).

2. See id. (noting defendant had intimate knowledge of secret process for producing “nooks and crannies” in Thomas’ English Muffins, including knowledge of “the formula, manufacturing engineering design, and certain process parameters”); id. (noting these components are kept separate from information about other components in order to protect trade secret).

3. See id. at *2 (describing employment agreement Botticella reached with Interstate Brands Corporation, predecessor company to Hostess Brands, Inc.). While still employed as Bimbo’s Vice President of Operations for California, and as one of five key executives in the Western region, Botticella received an employment offer from Interstate Brand Corporation (IBC) for the position of Vice President of Bakery Operations, East. Id. at *1. Botticella accepted the offer with IBC on or around October 15, 2009, but failed to inform Bimbo until January 14, 2010. Id. at *2. At that time, Botticella did not inform anyone that he intended to join Hostess, one of Bimbo Bakeries three largest competitors. Id.

In recent years, company executives and government officials have begun paying closer attention to the valuable trade secret knowledge possessed by American employees as a result of the economic downturn, improved portability of digital information, and the continuous wave of technology startups.\(^5\) While protecting trade secrets is vital to the competitiveness of the U.S. economy, poor economic conditions and a weak job market have garnered greater support for public policy favoring employee mobility.\(^6\)

A. The Inconsistent Body of Trade Secret Law and the Inevitable Disclosure Doctrine

Despite the parallels to patent law, which is governed by federal law, state law largely regulates misappropriation of trade secrets.\(^7\) Even with

\(^5\) See Laura Ernde, Economy Leads Companies to Sue Ex-Workers, DAILY J., Oct. 27, 2009, http://www.tradesecretslaw.com/uploads/file/Economy%20Leads%20Companies%20to%20Sue%20Ex-Workers.PDF ("The economy... has company executives asking more questions about protecting trade secrets. When money is scarce, businesses are frantic to hold onto any advantage they have... "); James M. Von Bergen, Employee Confidentiality a Bigger Issue in a Tougher Economy, Philly. com, Nov. 15, 2010, http://articles.philly.com/2010-11-15/business/24955767_1_english-muffins-employee-rival-firm (discussing economic impact on trade secret litigation); see also Bruce T. Atkins, Trading Secrets in the Information Age: Can Trade Secret Law Survive the Internet?, 1996 U. ILL. L. REV. 1151, 1151 ("With a few keystrokes, a disgruntled employee of a business can send a multimillion dollar trade secrets into cyberspace... "); (quoting Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 487 (1974)); Christopher Drew, U.S. Companies Are at Risk of Spying by Their Own Workers, N.Y. TIMES, Oct. 18, 2010, at A1 (quoting Assistant Attorney General Lenny A. Breur, claiming that "[i]n the new global economy, [U.S.] businesses are increasingly targets for theft... In order to stay a leader in innovation, we've got to protect these trade secrets"); Remarks as Prepared for Delivery by Attorney General Eric Holder at the Rio De Janeiro Prosecutor General's Office, PR NEWSwIRE, Feb. 24, 2010, http://www.prnewswire.com/news-releases/remarks-as-prepared-for-delivery-by-attorney-general-eric-holder-at-the-rio-de-janeiro-prosecutor-generals-office-85201852.html ("When [a] trade secret is stolen to benefit another foreign power, [the U.S.] competitiveness in the world economy—and even our national security—can be threatened."). The commentator further explains that once a trade secret is lost on the Internet, it is no longer a trade secret, and thus loses all protections. See Ernde, supra (listing number of U.S. companies that have fallen victim to economic espionage in connection with foreign countries, primarily China). In the past decade, companies like Ford, General Motors, DuPont, Valspar, and Motorola have all had to deal with the theft of trade secrets. See id.


\(^7\) See Kurt M. Saunders, Can You Keep a (Trade) Secret?—The Pennsylvania Uniform Trade Secrets Act, PA. B. Ass'n. Q., Oct. 2004, at 139, 139 ("Unlike patent, copyright, and trademark law, trade secret protection is exclusively the domain of state law."); Godfrey, supra note 6, at 161 (stating that trade secret law is governed by state law, rather than federal law); see also David S. Almeling, Four Reasons To Enact a Federal Trade Secrets Act, 19 FORDHAM INT'LL. PROP. MEDIA & ENT. L.J. 769, 770 (2009) ("Trade secrets stand alone as the only major type of intellectual property governed primarily by state law."); Joel Leeman, Federal Preemption Has Its Limits:
most states adopting the Uniform Trade Secrets Act (UTSA), the application, definitions, and requisite elements necessary to bring a claim of trade secret misappropriation vary amongst states.\(^8\) The UTSA includes an injunctive provision providing that “actual or threatened misappropriation [of trade secrets] may be enjoined.”\(^9\) Although rarely black and white, an actual misappropriation of trade secrets has proved to be much less of a judicial headache than the inconsistent analysis courts have applied to determine whether a threat of misappropriation exists.\(^10\) In determining whether to issue an injunction based on a threat, a number of courts around the country have invoked the oft-cited and highly controversial inevitable disclosure doctrine.\(^11\)

The inevitable disclosure doctrine dates back almost a century and “permits a trade secret owner to prevent a former employee from working for a competitor . . . by demonstrating the employee’s new job duties will

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8. See Jonathan R. Chally, Note, The Law of Trade Secrets: Toward a More Efficient Approach, 57 VAND. L. REV. 1269, 1282-83 (2004) (noting trade secret law remains state law phenomenon as there is no nationally recognized definition of elements required to obtain protection). The commentator goes on to state, however, that by looking at the UTSA, Restatement (First) of Torts, and the Restatement (Third) of Unfair Competition, one can extract three elements necessary to obtain protection of trade secrets: “(1) the trade secret must be of a certain broadly characterized subject matter; (2) the trade secret must be secret; and (3) the trade secret must be misappropriated.” See id. at 1282-83; see also Marina Lao, Federalizing Trade Secrets Law in an Information Economy, 59 OHIO ST. L.J. 1633, 1649-50 (1998) (stating that “USTA never won the support of all of the states, and even the states that did adopt the UTSA modified it, sometimes substantially, before enactment”). Lao concludes that with these modifications of the USTA occurring at the state legislative level, the “law on trade secret misappropriation continues to vary from jurisdiction to jurisdiction.” See Lao, supra at 1650; see also Carl Pacini & Raymond Placid, The Importance of Trade Secrets Laws in Deterring Trade Secret Espionage, 7 BUFF. INTELL. PROP. L.J. 101, 125-27 (2009) (listing factors trade secret claimant must show to get injunctive relief). Companies bringing a trade secret claim most commonly seek injunctive relief, prohibiting the disclosure and use of the trade secret by outgoing employees and, in more extreme cases, preventing the outgoing employee from commencing employment with a competitor. In trade secret misappropriation cases, claimants must show four elements to be awarded injunctive relief: “(1) a likelihood of success on the merits; (2) irreparable injury; (3) such injury outweighs any harm to the defendant; and (4) the injunction would not harm the public interest.” Pacini & Placid, supra at 125.


10. For a discussion of the different approaches courts have taken to determine threatened disclosure, see infra notes 55-72 and accompanying text.

11. See Godfrey, supra note 6, at 178 (describing inevitable disclosure doctrine as controversial); David Lincicum, Note, Inevitable Conflict?: California’s Policy of Worker Mobility and the Doctrine of “Inevitable Disclosure”, 75 S. CAL. L. REV. 1257, 1263-64 (2002) (noting inevitable disclosure doctrine has been met with controversy as result of which courts disagree over how doctrine should be analyzed).
inevitably cause the employee to rely upon knowledge of the former employer's trade secrets.\footnote{12} The doctrine has plenty of critics, in part because courts have applied it inconsistently across the country.\footnote{13} Further, critics contend that the doctrine creates an ex post facto non-compete agreement and undermines the employee's fundamental right to move freely and pursue his or her livelihood.\footnote{14} The application of the doctrine, if applicable at all, varies greatly by state.\footnote{15} As a result, choice of law provi-


\footnote{13. See Elizabeth A. Rowe, \textit{When Trade Secrets Become Shackles: Fairness and the Inevitable Disclosure Doctrine}, 7 TUL. J. TECH. \& INTELL. PROP. 167, 170 (2005) ("The crux of the opposition to the doctrine . . . is that it is not fair to enjoin an individual from earning a living . . . and when the cases and outcomes are inconsistent and unpredictable."); \textit{see also} Godfrey, \textit{supra} note 6, at 167 (noting that "states do not enforce the doctrine consistently and jurisdictions never developed a consistent set of criteria for its application"); Brandy L. Treadway, Comment, \textit{An Overview of Individual States' Application of Inevitable Disclosure: Concrete Doctrine or Equitable Tool?}, 55 SMU L. Rev. 621, 622 (2002) (noting that no two states enforce same version of inevitable disclosure doctrine).}

\footnote{14. See Del Monte Fresh Produce Co. v. Dole Food Co., 148 F. Supp. 2d 1326, 1337 (S.D. Fla. 2001) ("Absent evidence of actual or threatened misappropriation, a court should not allow a plaintiff to use inevitable disclosure as an after-the-fact noncompete agreement to enjoin an employee from working for the employer of his or her choice."); IBM Corp. v. Seagate Tech., Inc., 941 F. Supp. 98, 101 (D. Minn. 1992) ("A claim of trade secret misappropriation should not act as an ex post facto covenant not to compete."); Susan Street Whaley, Comment, \textit{The Inevitable Disaster of Inevitable Disclosure}, 67 U. Cin. L. Rev. 809, 846 (1999) (stating that adoption of inevitable disclosure doctrine created dramatic change in employment context because it conflicts with interest of employee mobility); Stephen L. Sheinfeld \& Jennifer M. Chow, Protecting Employer Secrets and the "Doctrine of Inevitable Disclosure", in \textit{Wrongful Termination Claims 1999: What Plaintiffs and Defendants Have to Know}, at 367, 423-24 (PLI Litig. \& Admin. Practice, Course Handbook Ser. No. 600, 1999) (arguing that inevitable disclosure doctrine allows employers to obtain de facto non-compete agreement). Sheinfeld and Chow cite Judge Learned Hand to explain the de facto non-compete agreement that results from applying the doctrine:

\[I]t has never been thought actionable to take away another's employee, when the defendant wants to use him in his own business, however much the plaintiff may suffer. It is difficult to see how servants could get the full value of their services on any other terms; time creates no prescriptive right in other men's labor. If an employer expects so much, he must secure it by contract.\]

\textit{Id.} (quoting Harley \& Lund Corp. v. Murray Rubber Co., 31 F.2d 932, 934 (2d Cir. 1929)) (internal quotation marks omitted); \textit{see also} Godfrey, \textit{supra} note 6, at 178 (noting inevitable disclosure doctrine causes employers to shy away from negotiating non-competition agreements because doctrine does not require time or geographic limits in order to be enforceable).

sions can be the difference in whether a company can protect a multi-
billion-dollar trade secret.\textsuperscript{16}

With its recent decision in \textit{Bimbo Bakeries USA, Inc. v. Botticella},\textsuperscript{17} the
Third Circuit tiptoed around prior precedent and the inevitable disclo-
sure doctrine to establish a very liberal and employer-friendly standard for
finding misappropriation of trade secrets.\textsuperscript{18} The Third Circuit's holding
puts into question the role of the inevitable disclosure doctrine in Penn-
sylvania and further empowers companies to protect trade secrets, while
simultaneously hindering the free mobility of employees in a sluggish
economy.\textsuperscript{19} Part II of this Casebrief summarizes the development of the
inevitable disclosure doctrine and explores the adoption and rejection of
the doctrine by various judicial districts, including Pennsylvania.\textsuperscript{20} Part III
analyzes the Third Circuit's reasoning in \textit{Bimbo Bakeries}, detailing the
court's determination of the proper standard courts must apply to deter-
mine whether a threat exists.\textsuperscript{21} Part IV discusses the broader policy impli-
cations of the court's decision and how employers and employees in
Pennsylvania should interpret the law.\textsuperscript{22} Part V concludes with a discus-
sion on how the media and legal community have reacted to this
decision.\textsuperscript{23}

\section{II. Background}

\textbf{A. Defining What Constitutes a Trade Secret}

Since the end of the nineteenth century, trade secret law in America
has developed as an “amalgam of contract, property, and tort law princi-

\textsuperscript{16} See David S. Almeling et al., \textit{A Statistical Analysis of Trade Secret Litigation in
occur in over ten percent of cases); William Lynch Schaller, \textit{Secrets of the Trade:
Tactical and Legal Considerations from the Trade Secret Plaintiff's Perspective}, 29 \textit{Rev.
LITIG.} 729, 786-89 (2010) (discussing choice of law provisions in trade secrets
claims). Almeling and his co-authors believe that the “increasing prevalence of
choice-of-law disputes is a critique of the current, state-based system and one of the
many arguments in favor of federalizing trade secret law and adopting a Federal
Trade Secrets Act.” Almeling et al., \textit{supra}, at 312.

\textsuperscript{17} 613 F.3d 102 (3d Cir. 2010).

\textsuperscript{18} See \textit{id.} at 113 (holding that under Pennsylvania law, “court conducting [an
inquiry into determining whether to grant injunctive relief in a trade secret case]
has discretion to enjoin a defendant from beginning new employment if the facts
of the case demonstrate a substantial threat of trade secret misappropriation”).

\textsuperscript{19} For a discussion of the impact the holding will have on employers and
employees, see \textit{infra} notes 141-46 and accompanying text.

\textsuperscript{20} For a discussion of the birth of the doctrine and its treatment by multiple
jurisdictions, see \textit{infra} notes 24-100 and accompanying text.

\textsuperscript{21} For a discussion of the court’s analysis, see \textit{infra} notes 101-40 and accom-
ppanying text.

\textsuperscript{22} For a discussion of the standard applied by the court and its importance
for employers, see \textit{infra} notes 141-58 and accompanying text.

\textsuperscript{23} For a discussion of the attention the opinion has garnered in the media
and legal community, see \textit{infra} notes 159-61 and accompanying text.
In 1939, the Restatement (First) of Torts sought to provide uniformity in the area of trade secret law by defining what constitutes a trade secret and what factors courts should consider in ascertaining whether the information is protected. The Restatement defined a trade secret as:

any formula, pattern, device or compilation of information which is used in one’s business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers.

Despite the drafters’ best efforts, the Restatement failed to harmonize the conflicting trade secret law applied by the states. In 1979, the National Conference of Commissioners on Uniform State Laws published the UTSA. Using the Restatement as its foundation, the UTSA provided a modified definition of trade secrets. Since its inception in 1979, the UTSA has been adopted by forty-six states and the District of Columbia;

24. See Sheinfeld & Chow, supra note 14, at 377-78 (stating that trade secret law has not evolved from uniform body of law, but rather has “developed as a dynamic amalgam of contract, property, and tort law principles”).

25. See id. at 378 (stating Restatement (First) of Torts was effort to make law of trade secrets more uniform). In determining whether the information at issue is a trade secret, courts should consider:

1. the extent to which the information is known outside of the business;
2. the extent to which it is known by employees and others involved in the business;
3. the extent of measures taken to guard the secrecy of information;
4. the value of information to the owner and the owner’s competitors;
5. the amount of effort or money expended by the owner in developing the information; and
6. the ease of difficulty with which the information could be properly acquired or duplicated by others.

Id. at 378-79 (quoting RESTATEMENT (FIRST) OF TORTS § 757 cmt. b (1939)).

26. Id. at 378 (quoting § 757 cmt. b).

27. See Almeling, supra note 7, at 772 (claiming that despite widespread acceptance by courts, Restatement approach “failed to achieve uniformity because [it] was not binding, and thus courts were free to accept or reject its various principles”).

28. See Christopher Rebel J. Pace, The Case for a Federal Trade Secrets Act, 8 HARV. J.L. & TECH. 427, 432-33 (1995) (“The National Conference’s intent in proposing the UTSA was not to revolutionize the standards for trade secret misappropriation, but to codify existing common law standards and to provide a uniform approach to trade secret misappropriation among the states.”).

29. The UTSA defined a trade secret as information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
Texas, New Jersey, New York, and Massachusetts have not yet adopted the UTSA.\(^{30}\)

While early trade secret cases dealt primarily with the protection of technical secrets, modern courts afford protection to a broad class of business information as well.\(^{31}\) In regards to technical information, courts have held trade secrets to include plans, designs, manufacturing processes and methods, product formulas, recipes, and computer software.\(^{32}\) In the more expansive view, courts have protected business information, including cost and pricing information, customer lists, business strategies, and internal market analyses and forecasts.\(^{33}\)


33. See, e.g., Black, Sivalls & Bryson, Inc. v. Keystone Steel Fabrication, Inc., 584 F.2d 946, 952 (10th Cir. 1978) (“Confidential data regarding operating and

Under the UTSA, courts may enjoin the actual or threatened misappropriation of trade secrets.\textsuperscript{34} It is under the threatened misappropriation of trade secrets that the inevitable disclosure doctrine finds its existence.\textsuperscript{35} Commentators and courts disagree on how precisely the two are related, but a majority favor the view that the inevitable disclosure doctrine is one of the means of proving threatened disclosure.\textsuperscript{36}
The inevitable disclosure doctrine is something of a recent phenomenon despite being around for nearly a century. The principles of the doctrine were first established in *Eastman Kodak Co. v. Powers Film Products, Inc.*, in 1919. In *Eastman Kodak*, the court upheld a non-competition and confidentiality agreement signed by the defendant. The court noted that granting injunctive relief merely prohibiting disclosure would be ineffective because, in performing services for a competitor, the defendant would necessarily impart Kodak’s trade secrets. The doctrine laid dormant until the Delaware Chancery Court’s 1964 decision in *E. I. duPont de Nemours & Co. v. American Potash & Chemical Corp.* The court stated that in a trade secret case “the degree of probability of disclosure, whether amounting to an inevitability or not, is a relevant factor to be considered in determining whether a ‘threat’ of disclosure exists.” Although ultimately decided on other grounds, *E. I. duPont* is cited along with *Eastman Kodak* as the foundation of the inevitable disclosure doctrine. It would be another thirty-five years of general dormancy before the Seventh Circuit invoked the doctrine in *PepsiCo, Inc. v. Redmond*.

In *PepsiCo*, the Seventh Circuit expanded the inevitable disclosure doctrine’s reach to the protection of non-technical information. *PepsiCo* sought a preliminary injunction to prevent a former employee from divulging trade secrets and commencing employment with a fierce competitor in the sports drinks market. The Seventh Circuit analyzed the case under the Illinois Trade Secret Act (ITSA), modeled after the UTSA. The court established that “a plaintiff may prove a claim of trade

38. See id.; see also Godfrey, supra note 6, at 161 (discussing origins of inevitable disclosure doctrine).
40. See id. at 330 (stating defendant could not remain loyal to former employer and new employer without revealing former employer’s trade secrets).
41. 200 A.2d 428 (Del. Ch. 1964).
42. Id. at 436.
43. See Godfrey, supra note 6, at 168-70 (citing *E. I. duPont* and *Eastman Kodak* as foundation of inevitable disclosure doctrine).
44. 54 F.3d 1262 (7th Cir. 1995).
45. See Michael R. Levinson, *Inevitable Disclosure: Inquiring into the Minds of Former Employees*, CBA Rec., May 2002, at 34, 35 (“Though cases dating back to the 1960’s are based on inevitable disclosure principles, the Seventh Circuit’s 1995 decision in *PepsiCo, Inc. v. Redmond* brought the doctrine to life and attorneys in many states . . . are asserting inevitable disclosure claims in great numbers.” (citation omitted)).
46. See *PepsiCo*, 54 F.3d at 1263 (indicating that *PepsiCo* sought injunction preventing employee of ten years from divulging trade secrets and commencing work with competitor Quaker Oats Company relating to beverage pricing, marketing, and distributions).
secret misappropriation by demonstrating that defendant’s new employment will *inevitably* lead him to rely on the plaintiff’s trade secrets.” 48

Under this standard, the court determined that PepsiCo demonstrated a likelihood of success in its trade secret misappropriation claim.49 The Seventh Circuit’s decision is noteworthy for two reasons: (1) *PepsiCo* was one of the first cases to be decided under state law modeled after the UTSA, and (2) *PepsiCo* recognized non-technical information as protected trade secrets.50

C. *Life After PepsiCo: The Adoption and Rejection of the Inevitable Disclosure Doctrine*

Following *PepsiCo*, employers around the country were empowered with a legitimized equitable tool to enjoin former employees from commencing employment with a competitor.51 Courts confronting the doctrine took a myriad of inconsistent approaches.52 The inconsistency has led to a patchwork of judicial opinions and a struggle amongst the federal courts to interpret the applicable state law.53

1. *Locking the Vault: Courts Adopting the Inevitable Disclosure Doctrine*

Jurisdictions adopting the inevitable disclosure doctrine have done so in a variety of ways.54 While some courts have adopted a broad application of the doctrine, other courts have limited its scope to enforce non-competition agreements or to situations where the employee has acted in bad

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48. *PepsiCo*, 54 F.3d at 1269 (emphasis added).

49. See id. at 1271 ("[T]he district court correctly decided that PepsiCo demonstrated a likelihood of success on its statutory claim of trade secret misappropriation.").

50. See *Treadway*, supra note 13, at 624-25 (discussing importance of *PepsiCo* on body of trade secret law). As one of the first cases to be decided under a law modeled after the UTSA, courts looked to the analysis applied by the court in *PepsiCo* as instructive on how to handle misappropriation claims under the UTSA. See id. at 625 ("PepsiCo clearly established elements for inevitable disclosure, which gave other courts a standard by which to measure their own application.").

51. See *Godfrey*, supra note 6, at 173 (noting *PepsiCo* and greater adoption of UTSA lead to increased use of doctrine by “expanding the range of situations in which trade secret law applies”).

52. See id. (discussing inconsistent application of doctrine in wake of *PepsiCo* decision).


54. See *Rowe*, supra note 13, at 171-72 (listing different approaches courts have taken in adopting inevitable disclosure doctrine).
faith. These variations are of critical importance and reflect the ever-present tension between the protection of valuable trade secrets and encouraging employee mobility.

Courts adopting a broader application of the doctrine have done so in the absence of a non-compete agreement. In *Barilla America, Inc. v. Wright*, the District Court for the Southern District of Iowa enjoined a short-term employee of a leading pasta manufacturer from commencing any employment within the pasta industry for a year. The injunction was issued under the inevitable disclosure doctrine, even in the absence of a non-compete agreement. In issuing the injunction, the court claimed to have applied a heightened standard for inevitable disclosure; however, the end result was still a broad injunction in the absence of a non-compete agreement.

Although courts have applied the doctrine without the presence of a non-compete agreement, some courts appear more willing to apply the doctrine when an employee has consented to such an agreement. In *Barilla America, Inc. v. Wright*, the District Court for the Southern District of Iowa enjoined a short-term employee of a leading pasta manufacturer from commencing any employment within the pasta industry for a year.

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55. For a discussion of the various approaches courts have used in applying the doctrine, see infra notes 56-71 and accompanying text.

56. *See Rowe, supra* note 13 at 182-83 (discussing ever-present tension in applying inevitable disclosure doctrine).

57. *See PepsiCo, 54 F.3d at 1264* (noting employee signed confidentiality agreement but making no mention of non-compete agreement); *Cardinal Freight Carriers, Inc. v. J.B. Hunt Transport Servs., Inc., 987 S.W.2d 642, 647* (Ark. 1999) (applying doctrine in absence of non-compete agreement). The Supreme Court of Arkansas adopted the doctrine and relied heavily on *PepsiCo* to issue an injunction, essentially creating an ex post facto non-competition agreement between a trucking company and its former employee. *See Cardinal Freight Carriers, 987 S.W.2d at 647; see also Doebler's Pa. Hybrids, Inc. v. Doebler Seeds, LLC, 88 F. App'x 520, 523* (3d Cir. 2004) (finding absence of non-compete agreement irrelevant because "[the defendants'] liability is not premised on the fact that they competed with [the plaintiff], but rather on the fact they used [the plaintiff's] own confidential information to compete against them"); *Barilla Am., Inc. v. Wright, No. 4-02-CV-90267, 2002 WL 31165069, at *6* (S.D. Iowa July 5, 2002) (applying inevitable disclosure doctrine absent non-compete agreement); *Merck & Co., 941 F. Supp. 1443* (enjoining former employee from working on particular product with new employer absent non-compete agreement); *Nat'l Starch & Chem. Corp. v. Parker Chem. Corp., 530 A.2d 31* (N.J. Super. Ct. App. Div. 1987) (same); *DoubleClick, Inc. v. Henderson, No. 116914/97, 1997 WL 751413* (N.Y. Sup. Ct. Nov. 7, 1997) (relying on inevitable disclosure doctrine in part to grant injunction against two former employees where only one signed non-compete agreement).

58. No. 4-02-CV-90267, 2002 WL 31165069 (S.D. Iowa July 5, 2002).

59. *See id.* at *1* (noting employee only worked for Barilla for four months but court entered injunction preventing employee from working in pasta industry for one year).

60. *See id.* at *7* (stating employee never signed non-compete or confidentiality agreement although it was in employee's employment packet).

61. *See id.* at *9* (stating inevitable disclosure receives heightened scrutiny over threatened disclosure doctrine).

Branson Ultrasonics Corp. v. Stratman, the U.S. District Court for the District of Connecticut granted a preliminary injunction after finding the disclosure of trade secrets was inevitable in light of the reasonable non-compete agreement the employee signed. More recently, in IBM Corp. v. Papermaster, a federal court in the Southern District of New York relied on the doctrine to grant a preliminary injunction enforcing a non-compete agreement signed by an employee of IBM who accepted a position at Apple. The court used the doctrine to find the irreparable harm needed to issue injunctive relief.

Other courts adopting the doctrine have limited its applications to situations where the employee has acted in bad faith. In H & R Block Eastern Tax Services, Inc. v. Enchura, the District Court for the Western District of Missouri interpreted PepsiCo to require a showing of "inevitability.

64. See id. at 913 (applying Connecticut state law to uphold non-compete agreement where it was likely, if not inevitable, that disclosure would occur). In addition to finding that disclosure was inevitable, the court found that the non-compete agreement was reasonable, considering factors like the length and geographic scope of the restriction. See id.
65. No. 08-CV-9078 (KMK), 2008 WL 4974508 (S.D.N.Y. Nov. 21, 2008).
66. See id. (applying inevitable disclosure doctrine to enforce non-compete agreement); see also Jeffrey S. Klein & Gregory Silbert, The Inevitable Disclosure of Trade Secrets: The Rebirth of a Controversial Doctrine and Where the Courts Stand, 4 Bloomberg L. Rep.—Lab. & Emp., no. 3, 2010, available at http://www.weil.com/files/Publication/92fcb204-d5df489a-97cd-01526a8fb5f4/Presentation/PublicationAttachment/2b30d71b-211d-41c-b936-0665a43a89/inevitable_disclosure.pdf ("Papermaster’s application of the inevitable-disclosure doctrine was expansive [because] it found inevitable disclosure even though the old and new employers are not competitors, at least as that term is ordinarily understood.").
67. See Papermaster, 2008 WL 4974508, at *7 ("Thus, ‘[e]ven where a trade secret has not yet been disclosed, irreparable harm may be found based upon a finding that trade secrets will inevitably be disclosed . . . .’" (alteration in original) (quoting Estee Lauder, 430 F. Supp. 2d at 174)).
68. See Dearborn v. Everett J. Prescott, Inc., 486 F. Supp. 2d 802, 820 (S.D. Ind. 2007) ("Indiana courts may entertain attempts to use the inevitable disclosure theory, but [ ] the theory should remain limited to a rare and narrow set of circumstances in which the departing employee has acted in bad faith in taking or threatening to take valuable confidential information from the employer."); H & R Block E. Tax Servs. v. Enchura, 122 F. Supp. 2d 1067, 1075 (W.D. Mo. 2000) (interpreting PepsiCo as requiring showing of bad faith in combination with inevitable disclosure); FMC Corp. v. Cyprus Foote Mineral Co., 899 F. Supp. 1477, 1483 (W.D.N.C. 1995) (interpreting North Carolina law to refuse to apply inevitable disclosure doctrine "absent some showing of bad faith, underhanded dealing, or employment by an entity so plainly lacking comparable technology that misappropriation can be inferred"); CMI Int'l, Inc. v. Internet Int'l Corp., 649 N.W.2d 808, 813 (Mich. Ct. App. 2004) ("[F]or a party to make a claim of threatened misappropriation, whether under a theory of inevitable disclosure or otherwise, the party must establish more than the existence of generalized trade secrets and a competitor's employment of the party's former employee who has knowledge of trade secrets."). But see Merck & Co. v. Lyon, 941 F. Supp. 1443 (M.D.N.C. 1996) (requiring evidence of bad faith only for broad injunction, effectively precluding competitive employment).
ity in combination with a finding that there is unwillingness to preserve confidentiality.”70 Moreover, in Dearborn v. Everett J. Prescott, Inc.,71 the District Court for the Southern District of Indiana stated, “the [inevitable disclosure] theory should remain limited to a rare and narrow set of circumstances in which the departing employee has acted in bad faith.”72 Despite the adoption of the bad faith variable by numerous courts, critics argue that requiring such a showing undercuts the meaning of the doctrine, which seeks to prevent disclosure that is inevitable, regardless of an employee’s intentions.73

2. Opening the Vault Door: Courts Rejecting the Doctrine

Despite its adoption by a large majority of jurisdictions around the country, some jurisdictions remain opposed to the inevitable disclosure doctrine.74 Courts rejecting the doctrine cite two interrelated concerns: (1) the application of the doctrine creates an ex post facto non-compete agreement, and (2) its application is contrary to public policy favoring employee mobility.75

Courts and commentators opposing the doctrine claim that by applying it in the absence of a non-compete agreement, courts reward an employer who failed to consider such protection and punish the employee who never consented to such an agreement or obtained consideration.76

70. See id. at 1075 (interpreting PepsiCo to require more than inevitability alone). Interpreting PepsiCo, the court found that “inevitability alone is insufficient to justify injunctive relief; rather, demonstrated inevitability in combination with a finding that there is unwillingness to preserve confidentiality is required.” Id. Finding no evidence of unwillingness on the part of the employee to preserve confidentiality, the court found for the employee. See id.

71. 486 F. Supp. 2d 802 (S.D. Ind. 2007).

72. Id. at 820.

73. See Linda K. Stevens, Trade Secrets and Inevitable Disclosure, 36 TORT & INS. L.J. 917, 933 (2001) (noting that requirement of bad faith element undermines rationale of inevitable disclosure doctrine, which is intended to protect trade secrets regardless of party’s intent).

74. For a discussion of the courts that disfavor the inevitable disclosure doctrine, see infra notes 75-85 and accompanying text.

75. For a discussion of the two interrelated concerns courts have about the inevitable disclosure doctrine, see infra notes 75-85 and accompanying text.

76. See E. W. Bliss Co. v. Struthers-Dunn, Inc., 408 F.2d 1108, 1112-13 (8th Cir. 1969) (noting injunctions can be granted to protect disclosure of trade secrets but such protection is “not a substitute for an agreement by the employee not to compete with his employer after the termination of employment”); Am. Airlines, Inc. v. Imhof, 620 F. Supp. 2d 574, 587 (S.D.N.Y 2009) (rejecting inevitable disclosure doctrine and noting company’s failure in not negotiating reasonable non-compete agreement); Del Monte Fresh Produce Co. v. Dole Food Co., 148 F. Supp. 2d 1326, 1337 (S.D. Fla. 2001) (“Absent evidence of actual or threatened misappropriation, a court should not allow a plaintiff to use inevitable disclosure as an after-the-fact noncompete agreement to enjoin an employee from working for the employer of his or her choice.”); IBM Corp. v. Seagate Tech., Inc., 941 F. Supp. 98, 101 (D. Minn. 1992) (“A claim of trade secret misappropriation should not act as an ex post facto covenant not to compete.”); Whyte v. Schlage Lock Co., 125 Cal. Rptr.
The leading case out of California, Whyte v. Schlage Lock Co.,\(^{77}\) noted that the "chief ill in the covenant not to compete imposed by the [doctrine] is its after-the-fact nature: The covenant is imposed after the employment contract is made and therefore alters the employment relationship without the employee's consent."\(^{78}\) The California court's analysis in Whyte has been persuasive to courts in other jurisdictions.\(^{79}\)

Public policy favoring employee mobility provides an interrelated critique of ex post facto non-compete agreements.\(^{80}\) Several states, including California, Louisiana, and Maryland, have rejected the inevitable disclosure doctrine in favor of public policy encouraging employee mobility.\(^{81}\)

In Whyte, the court concluded that, by rejecting the doctrine, they were "correctly balanc[ing] competing public policies of employee mobility and protection of trade secrets."\(^{82}\) Moreover, in Standard Brands, Inc. v. 2d 277, 281 (Cal. Ct. App. 2002) (holding that "doctrine is contrary to California law and policy because it creates an after-the-fact covenant not to compete restricting employee mobility"); Lejeune v. Coin Acceptors, Inc., 849 A.2d 451, 471 (Md. 2004) (applying analysis of Whyte to find "the application of the doctrine ... creates a de facto covenant not to compete") (quoting Whyte, 125 Cal. Rptr. 2d at 292)); see also Victoria A. Cundiff, Recent Developments in Trade Secrets Law, in INTELLECTUAL PROPERTY LAW INSTITUTE 2010, at 785, 803 (PLI Intell. Prop., Course Handbook Ser. No. 1022, 2010) ("Where the former employer never negotiated a non-compete agreement, courts are likely to note that if the employer had been as deeply concerned about the risk of the employee's going to a competitor as it now professes, it had the means to prevent it: entering into a reasonable non-compete agreement.").

78. See id. at 293 (finding that doctrine essentially creates non-compete agreement without consent of employee).
79. See Lejeune, 849 A.2d at 470-71 (citing Whyte favorably). In Lejeune, a Maryland state court refused to apply the doctrine to enjoin an individual from commencing work with his former employer's competitor in the currency acceptance industry. See id. at 471. The court cited Whyte favorably and found that applying the doctrine would empower the employer with a non-compete agreement they failed to give consideration for and prevent the employee from negotiating the terms. See id. at 470-71.
80. See Standard Brands, Inc. v. Zumpe, 264 F. Supp. 254, 264 (E.D. La. 1967) (finding application of doctrine conflicts with Louisiana's support of free labor); Whyte, 125 Cal. Rptr. 2d at 292 (finding application of doctrine restricts employee mobility and noting California's strong public policy favoring employee mobility).
81. See Standard Brands, 264 F. Supp. at 264 (rejecting doctrine because of state policy favoring employee mobility); Whyte, 125 Cal. Rptr. 2d at 292-94 (same); Lejeune, 849 A.2d at 471 (same); see also Gillian Lester & Elizabeth Ryan, Choice of Law and Employee Restrictive Covenants: An American Perspective, 31 COMP. L. & POL'Y J. 389, 392 (2010) (discussing affect of California's pro-employee mobility policy). Lester and Ryan note that legal scholars have attributed California's policy favoring employee mobility with "the rapid diffusion of information, leading to industry-wide technological gains that arguably swamp the investment disincentives that weak entitlements may engender." Id.
82. See Whyte, 125 Cal. Rptr. 2d at 292-93 (finding in favor of employee mobility over competing public policy protecting trade secrets); FLIR Sys., Inc. v. Parrish, 95 Cal. Rptr. 3d 307, 313 (Cal. Ct. App. 2009) (reinforcing California's explicit rejection of inevitable disclosure doctrine in favor of "strong public policy
a district court applying Louisiana law recognized the state’s strong public policy in favor of free labor. Even if the court had found disclosure to be inevitable, it would have refused to apply the doctrine because of “the ‘declaration of public policy by [the Louisiana] legislature against restrictions on the spirit of free labor.’”

3. Trade Secret Law in Pennsylvania Leading up to Bimbo Bakeries

Pennsylvania joined forty-three states and the District of Columbia when it adopted the UTSA on February 19, 2004. Pennsylvania’s treatment of the inevitable disclosure doctrine has confused courts and commentators alike. Much of the confusion stems from the Superior Court’s 1982 opinion in Air Products & Chemicals, Inc. v. Johnson. In addressing the employee’s appeal on the grounds that the trial court erred in applying the “inevitably of disclosure” standard, the court decided not to “adopt the reasoning of the trial court or its use of the term inevitable.” The court stated: “Under Pennsylvania law, a person may be enjoined from engaging in employment or certain aspects of his employment where that employment is likely to result in the disclosure of information . . . .” Ultimately, the court agreed with the trial court that it would be “impossible” for Johnson to perform his new job without disclosing Air Product’s confidential information.

The ambiguous reasoning of the Superior Court lends support to at least two possible standards for enjoining employment: (1) employment is likely to result in disclosure, or (2) performance of employment is impossible without disclosure. A number of courts and commentators claim the

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84. See id. at 264 (recognizing Louisiana’s strong public policy in favor of employee mobility).
85. Id. (citation omitted).
86. See Saunders, supra note 7, at 140 (discussing Pennsylvania’s adoption of UTSA in 2004).
87. For a discussion of the confusion over Pennsylvania’s seminal case, Air Products & Chemicals, Inc. v. Johnson, see infra notes 90-91 and accompanying text.
89. See id. (declining to “adopt the reasoning of the trial court or its use of the term inevitable”).
90. See id. at 1120 (emphasis added).
91. See id. at 1125 (agreeing with trial court that “it would be impossible for the employee to perform his duties at the new employer without disclosing trade secrets”).
92. Compare id. at 1120 (“Under Pennsylvania law, a person may be enjoined from engaging in employment or certain aspects of his employment where that employment is likely to result in the disclosure of information, held secret by a former employer, of which the employee gained knowledge as a result of his former employment situation.”), with id. at 1122 (“It would be impossible to perform his managerial functions in on-site work without drawing on the knowledge he
opinion represents Pennsylvania’s adoption of the inevitable disclosure doctrine; however, that interpretation conflicts with the court’s explicit rejection of the term inevitable.\textsuperscript{93} The court’s evasive language has caused great confusion over the proper standard in Pennsylvania.\textsuperscript{94}

Seven years after their ruling in \textit{Air Products}, the Superior Court interpreted Pennsylvania’s standard for trade secret misappropriation in \textit{Den-Tal-Ez, Inc. v. Siemens Capital Corp.}\textsuperscript{95} Citing \textit{Air Products}, the court stated the “proper inquiry” is “whether there is sufficient likelihood, or substantial threat,” of the defendant disclosing trade secrets.\textsuperscript{96} This explicit pronouncement from the Superior Court did not prevent the Third Circuit from applying a different standard eighteen years later.\textsuperscript{97} The Third Circuit’s 2007 opinion in \textit{Victaulic Co. v. Tieman},\textsuperscript{98} applying Pennsylvania law, interpreted \textit{Air Products} as holding that a broad injunction enjoining employment “only lies when it is ‘virtually impossible . . . [for the employee] to perform his . . . duties for [his new employer] without in effect giving [it] the benefit of [his] confidential information.’”\textsuperscript{99} In citing the same case, two courts applying Pennsylvania law arrived at two different standards, one considerably more stringent than the other.\textsuperscript{100}

\textsuperscript{93} See Bimbo Bakeries USA, Inc. v. Botticella, No. 10-0194, 2010 WL 571774, at *11 (E.D. Pa. Feb. 9, 2010) (“Pennsylvania courts apply the ‘inevitable disclosure doctrine.’” (citing \textit{Air Prods.}, 442 A.2d at 1120)), aff’d, 615 F.3d 102 (3d Cir. 2010); First Health Grp. Corp. v. Nat’l Prescription Adm’rs, Inc., 155 F. Supp. 2d 194, 236 (M.D. Pa. 2001) (citing \textit{PepsiCo} and \textit{Air Products} to find Pennsylvania courts may enjoin employment under inevitable disclosure doctrine); Cohen, supra note 30, at 43 (identifying \textit{Air Products} as Pennsylvania case applying inevitable disclosure doctrine); Sheinfeld & Chow, supra note 14, at 420 (identifying \textit{Air Products} as Pennsylvania example of expanded scope of doctrine); Treadway, supra note 13, at 635 (claiming \textit{Air Products}’ adopted doctrine). But see \textit{Air Prods.}, 442 A.2d at 1124 (“[W]e do not adopt the reasoning of the trial court or its use of the term inevitable . . . .”); Bacharach, Inc. v. Testo, Inc., No. 1257WDA00, at *9 (Pa. Super. Ct. Sept. 4, 2001) (copy of unreported memorandum opinion on file with author or available with Superior Court clerk’s office) (“[W]e must dispel [the appellant’s argument], that our holding in \textit{Air Products} enshrines the ‘inevitable disclosure’ doctrine as an inviolable rule of law.”).

\textsuperscript{94} See Gretchen L. Jankowski, \textit{The Inevitable Disclosure Doctrine—Inability of Former Employees to Perform Without Disclosing Confidential Information}, PA. B. Ass’n. Q., Jan. 2004, at 34, 35 (discussing \textit{Air Products} decision and confusion regarding Pennsylvania’s treatment of inevitable disclosure doctrine).


\textsuperscript{96} Id. at 1232 (citing \textit{Air Prods.}, 442 A.2d at 1122-25).

\textsuperscript{97} See \textit{Victaulic Co. v. Tieman}, 499 F.3d 227, 234 (3d Cir. 2007) (interpreting \textit{Air Products} as applying “virtually impossible” standard (internal quotation marks omitted)).

\textsuperscript{98} 499 F.3d 227 (3d Cir. 2007).

\textsuperscript{99} See id. 234 (alterations in original) (quoting \textit{Air Prods.}, 442 A.2d at 1123).

\textsuperscript{100} Compare \textit{Den-Tal-Ez}, 556 A.2d at 1232 (interpreting \textit{Air Products} as establishing “sufficient likelihood, or substantial threat,” standard), with \textit{Victaulic}, 499 F.3d at 234 (interpreting \textit{Air Products} as establishing “virtually impossible” standard (internal quotation marks omitted)).
III. THE THIRD CIRCUIT’S LIBERAL INTERPRETATION OF THE INEVITABLE DISCLOSURE DOCTRINE

A. Nooks and Crannies of an Injunction

Chris Botticella began working for Bimbo in 2001 and stayed with the company until January 13, 2010.101 As part of his employment, Botticella signed a “Confidentiality, Non-Solicitation, and Invention Assignment Agreement,” but never signed a non-compete agreement.102 In the fall of 2009, while still employed by Bimbo, Botticella received and accepted an offer to join one of Bimbo’s chief competitors, Hostess Brands, Inc. (Hostess).103 Botticella continued in his role as Vice President of Operations for California without informing Bimbo of his pending departure.104

As Vice President of Operations, Botticella continued to have access to confidential information, including highly restricted codebooks, cost-reduction strategy plans, and formula optimizations.105 When Botticella finally informed Bimbo of his departure, he failed to disclose his intention to join Hostess.106 After learning of his intentions through other means, Bimbo asked Botticella to leave the office.107 Following his departure,

102. See Bimbo Bakeries, 613 F.3d at 105 (noting Botticella “agreed not to compete directly with Bimbo during the term of his employment, not to use or disclose any of Bimbo’s confidential or proprietary information during or after the term of his employment”); id. (“The agreement, however, did not include a covenant restricting where Botticella could work after the termination of his employment with Bimbo.”).
103. See id. at 105-06 (discussing facts of Hostess’s offer and Botticella’s acceptance). After accepting the Hostess offer of October 15, 2009, Botticella claims to have remained working at “Bimbo notwithstanding his acceptance of the Hostess position in order to receive his 2009 year-end bonus and to complete two Bimbo projects for which he had responsibility.” See id. at 106 (discussing Botticella’s reasons for remaining at Bimbo).
104. See id. at 105 (discussing Botticella’s employment at Bimbo). As Vice President of Operations for California, Botticella earned an annual salary of $250,000, was responsible for five production facilities, and oversaw product qualify, cost, labor, and new product development. See id. (discussing Botticella’s employment and compensation).
105. See id. (discussing confidential information Botticella had access to during course of employment). As a senior executive, Botticella had access confidential information regarding products and business strategies, and he was one of only seven people in the world with the knowledge necessary to replicate Thomas’ English Muffins’ “nooks and crannies.” See id. (discussing extent of Botticella’s knowledge).
106. See id. at 106 (noting Botticella failed to inform supervisor of his pending employment with Hostess at time he tendered resignation).
107. See id. (observing Bimbo learned of Botticella’s future employment with Bimbo through Hostess press release announcing Botticella’s hiring).
Bimbo hired a computer forensic expert who detected suspicious computer usage leading up to and immediately after Botticella's departure.\(^{108}\) Bimbo moved to protect their valuable trade secrets and immediately sought a preliminary injunction enjoining Botticella from commencing work with Hostess.\(^{109}\) The district court granted the injunction until the merits of the case could be heard at trial.\(^{110}\)

In issuing an injunction, the district court cited Pennsylvania case law as recognizing the inevitable disclosure doctrine; however, the court applied the doctrine as a vehicle for requiring a lower standard of proof.\(^{111}\) The court interpreted Pennsylvania law as requiring a "substantial threat of disclosure" to issue an injunction.\(^{112}\) Nevertheless, after establishing a standard lower than inevitability, the court applied the inevitable disclosure doctrine to the facts to prove a substantial threat of disclosure.\(^{113}\) The district court's perplexing analysis set the stage for an appeal where both parties called into question the proper standard.\(^{114}\)

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108. See id. at 107-08 (discussing Botticella's suspicious computer usage). The computer forensic expert hired by Bimbo uncovered a number of instances demonstrating suspicious computer usage. See id. at 107. Specifically, the expert discovered that the person using Botticella’s log-in information accessed twelve files within a span of thirteen seconds, only minutes after Botticella was told by Bimbo to cease work. See id. According to the expert, this type of usage is consistent with "copying a group of files at the same time." Id.

109. See id. at 108 (discussing procedural history). Immediately after Botticella's departure to join Hostess, Bimbo Bakeries brought an action seeking to protect their trade secrets and then sought preliminary injunctive relief. See id.

110. See Bimbo Bakeries USA, Inc. v. Botticella, No. 10-0194, 2010 WL 571774, at *16 (E.D. Pa. Feb. 9, 2010) (granting Bimbo's Motion for Temporary and Preliminary Injunction and Other Relief against Botticella), aff'd, 613 F.3d 102. In granting the injunction, the district court found that issuing a narrow injunction allowing Botticella to commence work at Hostess would fail to sufficiently protect Bimbo's trade secrets. See id.

111. See id. at *11 ("When analyzing threatened misappropriation of trade secrets, Pennsylvania courts apply the 'inevitable disclosure doctrine.'" (citing Air Prods. & Chems., Inc. v. Johnson, 442 A.2d 1114, 1120 (Pa Super. Ct. 1982)). But see id. at *12 ("Applying the inevitable disclosure doctrine to the instant facts, we conclude that Bimbo has presented more than sufficient evidence to establish that there exists at least a substantial threat that Defendant will disclose Bimbo's trade secrets in the course of his employment at Hostess." (emphasis added)).

112. See id. at *12 (interpreting Pennsylvania case law to require "a substantial threat of disclosure of a trade secret" to issue injunction under threatened misappropriation of trade secrets). In reaching this conclusion the court interpreted Air Products and Den-Tal-Ez. See id. The court stated that "[its] analysis of the case law supports the view that the sufficient likelihood or substantial threat of disclosure of a trade secret need not amount to its inevitability." Id.

113. See id. ("Applying the inevitable disclosure doctrine to the instant facts, we conclude that Bimbo has presented more than sufficient evidence to establish that there exists at least a substantial threat that Defendant will disclose Bimbo's trade secrets in the course of his employment at Hostess." (emphasis added)).

114. Compare Brief of Appellant at 14-27, Bimbo Bakeries USA, Inc. v. Botticella, 613 F.3d 102 (3d Cir. 2010) (No. 10-1510), 2010 WL 2662989 (arguing that district court erred in applying inevitable disclosure instead of correct "virtually impossible" standard), with Brief of Appellee at 32-38, Bimbo Bakeries, 613 F.3d 102...
The Third Circuit Looks to the Past for the Correct Recipe for Threatened Trade Secret Misappropriation

In Bimbo Bakeries USA, Inc. v. Botticella, the Third Circuit attempted to clarify Pennsylvania's treatment of the inevitable disclosure doctrine and unravel the district court's analysis. After identifying Bimbo's trade secrets, the court's attention shifted to addressing the appropriate standard for enjoining employment to prevent trade secret misappropriation.

1. Defining the Correct Standard: A Little Less Inevitable, a Little More Likely

The Third Circuit interpreted the district court's application of the law as meaning that "Pennsylvania courts apply the 'inevitable disclosure doctrine' to grant injunctions based not on a trade secret's inevitable disclosure but on its likely disclosure." Troubled with this summation of the law, the circuit court sought to clarify. The Third Circuit agreed that Pennsylvania allows a court to enjoin the threatened disclosure of trade secrets without requiring a plaintiff to show that disclosure is inevitable. Nevertheless, when a court issues an injunction for a threat of disclosure that is less than inevitable, it is doing so under a lower standard and not pursuant to the inevitable disclosure doctrine.

(No. 10-1510), 2010 WL 2662990 (arguing court correctly applied “likely to result in the disclosure” standard and not “virtually impossible” standard argued by Botticella).

115. See Bimbo Bakeries, 613 F.3d at 110-11 (addressing Pennsylvania's treatment of inevitable disclosure doctrine and district court's "paradoxical" analysis).

116. See id. at 110 (noting district court's finding on what constituted as Bimbo's trade secrets). The Third Circuit approvingly cited the district court's recognition of the following trade secrets:

a. Information in Bimbo's code books, as well as and including formulas and designs for Thomas' English Muffins, Oroweat brand products, Sandwich Thins products, and other Bimbo products.

b. Bimbo's strategy for increasing profitability, embodied in a road map in January of 2009, which included line closures, plant closures, new process improvements, formula optimizations, and new product launches, and which achieved cost savings of $75 million over the course of a year.

c. Knowledge of how Bimbo produces bread 'from scratch' instead of using pre-mixed ingredients.

d. Documents copied by [Botticella] from his work computer onto an external storage device with no credible explanation . . . .

e. Bimbo's promotional strategies with respect to specific customers.

f. Bimbo's cost positions.

g. Identities of Bimbo's customers targeted for upcoming bids.

Id. at 110 (internal quotation omitted).

117. See id. at 111 (interpreting district court's standard).

118. See id. (explaining district court's paradoxical conclusion of law).

119. See id. (agreeing with district court that "Pennsylvania law empowers a court to enjoin the threatened disclosure of trade secrets without requiring a plaintiff to show that disclosure is inevitable").

120. See id. (finding that "an injunction granted absent such a showing" of inevitability is not "issued pursuant to the 'inevitable disclosure doctrine'").
To define the lower standard the court took a fresh look at *Air Products* and how it had been interpreted by subsequent cases. The court noted that, at the outset of the *Air Products* opinion, the Superior Court stated “that Pennsylvania law permits the issuance of an injunction where a defendant’s new employment ‘is likely to result in the disclosure’ of a former employer’s trade secrets.” The Third Circuit interpreted the adoption of a “likely” standard as distinct from an “inevitable” standard. In seeking the proper interpretation of *Air Products*, the court turned to the Superior Court’s language in *Den-Tal-Ez*. In *Den-Tal-Ez*, the Superior Court stated that the “proper inquiry” in determining whether to grant an injunction to prevent the threatened disclosure of trade secrets is “whether there is sufficient likelihood, or substantial threat” of a defendant disclosing a trade secret. Confident that this reflected the correct interpretation of *Air Products*, the court adopted the “sufficient likelihood, substantial threat” test.

After establishing the correct standard, the court acknowledged Botticella’s contention that the Third Circuit’s opinion in *Victaulic* arguably calls for a higher standard. Forced to address its recent proclamation that an injunction enjoining employment is only appropriate when it is “virtually impossible” for the employee to perform his or her new job without disclosing trade secrets, the court noted in a moment of humility that its analysis of Pennsylvania law in *Victaulic* was misguided. Because the

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121. See id. at 111-12 (analyzing *Air Products* and subsequent cases interpreting *Air Products* to determine correct standard).

122. Id. (quoting *Air Prods.* & Chems., Inc. v. Johnson, 442 A.2d 1114, 1120 (Pa. Super. Ct. 1982)).

123. See id. at 111 (stating injunction granted under “substantial threat” standard is not issued “pursuant to the ‘inevitable disclosure doctrine’”); Jason C. Schwartz et al., 2010 Trade Secrets Litigation Round-Up, 81 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 354, at 1, 2 (2011) (discussing court’s analysis of inevitable disclosure doctrine, noting substantial threat standard is separate and distinct from inevitable disclosure doctrine).

124. See *Bimbo Bakeries*, 613 F.3d at 114 (discussing Superior Court’s subsequent interpretation of *Air Products* in *Den-Tal-Ez*).


126. See *Bimbo Bakeries*, 613 F.3d at 114 (concluding district court applied correct standard when it determined “Botticella’s employment with Hostess would lead to a ‘sufficient likelihood or substantial threat of disclosure of a trade secret’” (citation omitted)).

127. See id. (addressing Botticella’s “understandb[e]” reliance on *Victaulic* Co. v. Tieman in arguing for “virtually impossible” standard); see also Brief of Appellant, *supra* note 114, at 14–27 (arguing district court erred in applying inevitable disclosure doctrine instead of correct virtually impossible standard).

128. See *Bimbo Bakeries*, 613 F.3d at 114-15 (discussing Third Circuit’s opinion in *Victaulic*, conceding that its “review of *Victaulic* leads us to conclude that in that case we did not interpret *Air Products* in a way precisely consistent with Pennsylvania state precedents”); see also *Victaulic* Co. v. Tieman, 499 F.3d 227 (3d Cir. 2007) (“Under Pennsylvania law, a broader injunction only lies when it is ‘virtually impossible . . . [for the employee] to perform his . . . duties for [his new employer]"
court was not bound by the dictum of an earlier panel opinion, the court was able to evade the prior misstep. 129

Applying the correct standard to the facts of the case, the court found that the district court had discretion to issue an injunction based on a threatened misappropriation. 130 In affirming the injunction the court considered the similarity of the two jobs and Botticella’s suspicious behavior. 131 The court agreed with the district court that the two jobs were “substantially similar,” noting that both positions oversee baking operations and draw a similar salary. 132 Furthermore, the court concluded that the evidence surrounding Botticella’s computer usage was indicative of his intent to use Bimbo’s trade secrets. 133 The court emphasized Botticella’s failure to disclose his new position, remaining in a position privy to confidential information, and copying such information to an external storage device. 134

2. Picking Sides: Employer Protection vs. Employee Mobility

The Third Circuit sought to balance the effect of injunctive relief on a micro and macro level. 135 The court weighed the harm an injunction would have on Botticella versus the harm the absence of an injunction would have on Bimbo. 136 In weighing the respective harms, the court found that absent injunctive relief preventing employment, the disclosure of Bimbo’s trade secrets would put them at a competitive disadvantage, one that a legal remedy could not redress. 137 After identifying a restric-

129. See Bimbo Bakeries, 613 F. 3d at 115 (“It is [ ] well established, however, that we are not bound by dictum in an earlier panel opinion.”).

130. See id. at 119 (affirming district court’s granting of Bimbo’s motion for preliminary injunction).

131. See id. at 117 (discussing similarity of Bimbo job and Hostess job); see also id. at 118 (discussing Botticella’s suspicious behavior).

132. See id. at 118 (finding Bimbo job and Hostess job to have similar responsibilities and salary).

133. See id. (discussing Botticella’s suspicious computer usage while at Bimbo).

134. See id. (considering Botticella’s bad faith).

135. See id. 118-19 (finding harm posed by threatened disclosure of trade secret outweighed Botticella’s harm caused by not being able to commence employment).

136. See id. (weighing harm to Botticella versus harm to Bimbo if injunction was granted or not granted, respectively).

137. See id. (balancing harm of injunction on parties). In balancing Bimbo’s harm absent an injunction against the harm imposed on Botticella, the court found Botticella’s harm to be minimized because he was still receiving compensation from Bimbo. See id.
tion on employment as a severe remedy, the court found the balance of harm weighed in Bimbo's favor and upheld the injunction.\footnote{138}

The court concluded its analysis by briefly addressing Pennsylvania's competing public interests: upholding the "inviolability of trade secrets and enforceability of confidentiality agreements," versus the public interest in "employers being free to hire whom they please and in employees being free to work for whom they please."\footnote{139} After noting Pennsylvania courts preferred the latter, the court found in favor of the employer and the protection of trade secrets.\footnote{140}

IV. THE THIRD CIRCUIT'S EMPLOYER-FRIENDLY STANDARD STRENGTHENS THE SHIELD

A. The Inevitable Disclosure Doctrine Doesn't Make the Cut

The Third Circuit did not apply the inevitable disclosure doctrine in *Bimbo Bakeries*, calling into question its future existence in Pennsylvania.\footnote{141} Commentators have been quick to point to the court's opinion as a broad reading of the inevitable disclosure doctrine; however, this reading of the opinion fails to consider the detailed language of the court.\footnote{142} In its opinion, the court explicitly stated that an injunction granted under this lower standard is "not issued pursuant to the inevitable disclosure doctrine; the two concepts are distinct."\footnote{143} Employers bringing trade secret misappropriation claims under Pennsylvania law need only show a "substantial threat of trade secret misappropriation."\footnote{144}

\footnote{138. See id. at 119 (noting "that even a temporary injunction prohibiting someone from pursuing his livelihood in the manner he chooses operates as a severe restriction on him that a court should not impose lightly").

139. Id. (internal quotation marks omitted).

140. See id. (finding potential harm to Bimbo Bakeries outweighed temporary restriction on Botticella's employment).

141. See Schwartz et al., supra note 123 (noting court's finding that injunction issued under lower "substantial threat" standard is not "issued pursuant to inevitable disclosure doctrine"); *Third Circuit Clarifies Availability of Preliminary Injunction to Prevent Former Employee from Working for a Competitor*, LABOR & EMP'T LAWFLASH (Morgan, Lewis & Bockius, Phila., Pa.), July 30, 2010, at 1 [hereinafter MORGAN LEWIS LAWFLASH], available at http://www.morganlewis.com/pubs/LEPGFormerEmployeeWorkingForCompetitor_LF_30jul10.pdf (noting "[t]he court rejected use of the inevitable disclosure doctrine that would preclude an injunction unless it would be 'virtually impossible' for an individual to avoid disclosure of trade secrets in his new position").


143. See Schwartz et al., supra note 123, at 2 (discussing how *Bimbo Bakeries* court distinguished lower standard from inevitable disclosure doctrine); see also *Bimbo Bakeries*, 613 F.3d at 111 (noting "we do not consider that an injunction granted absent such a showing [of inevitability] was issued pursuant to the 'inevitable disclosure doctrine'").

144. *Bimbo Bakeries*, 613 F.3d at 113.
Under this liberal standard, if an employer is able to prove under the circumstances that disclosure is inevitable, it will be able to meet the lower substantial threat standard. While Pennsylvania courts will continue to grant injunctions if disclosure is inevitable, practitioners seeking to protect company trade secrets should argue under the lower standard recognized in Bimbo Bakeries.

B. Welcome to Pennsylvania: The Perfect Recipe for Protecting Against Trade Secret Misappropriation

Employers seeking to protect valuable trade secrets should take note of the Third Circuit's enshrinement of the lower substantial threat standard and its recognition of Pennsylvania law pursuant to the choice of law provision in Botticella's employment agreement. Courts generally "defer to choice of law clauses because they are presumed to represent the express intention of the parties," and will uphold them if the state selected by the parties has a reasonable connection to the agreement. In recognizing the choice of law provision in Bimbo Bakeries, the court noted that the "litigation seems only marginally related to Pennsylvania." Nevertheless, the selection of Pennsylvania as a choice of law within the trade secret context is particularly noteworthy for two reasons: (1) Pennsylvania recognizes a lower standard in trade secret misappropriation and (2) Pennsylvania, unlike several states including California, does not prohibit or severely restrict enforcement of non-compete agreements.

145. See Morgan Lewis LawFlash, supra note 141, at 2 (stating employers should take notice of lower standard).

146. See Schwartz et al., supra note 123, at 2 (noting Pennsylvania law, in addition to recognizing inevitable disclosure, empowers courts to enjoin disclosures under lower standard).

147. See Morgan Lewis LawFlash, supra note 141, at 2 (noting employers in Pennsylvania should take note of Third Circuit's decision because of low standard); see also Bimbo Bakeries, 613 F.3d at 105 (noting choice of law provision in Botticella's employment agreement).


149. See Bimbo Bakeries, 613 F.3d at 111 (noting "litigation seems only marginally related to Pennsylvania," but recognizing choice of law provision anyway).

150. See, CAL. BUS. & PROF. CODE § 16600 (West 2011) ("Except as provided in this chapter, every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void."); Brian M. Malsberger, Section of Labor & Emp't Law, Am. Bar Ass'n, Covenants Not to Compete: A State-by-State Survey 3303 (5th ed. 2006) (noting Pennsylvania enforces covenants not to compete "to extent reasonably necessary to protect the legitimate business interests of the employer"); Lester & Ryan, supra note 81, at 396-97 ("Because the substantive law governing non-compete covenants varies substantially from state to state, parties often include a choice of law clause, which expressly designates a particular state's law for resolving future disputes."); see also Morgan Lewis LawFlash, supra note 141, at 1 (noting Pennsylvania courts apply
The facts of *Bimbo Bakeries* exemplify the impact of selecting Pennsylvania as the choice of law in employment agreements where the employee will be exposed to trade secrets.151 Bimbo is a Delaware corporation with its principal place of business in Pennsylvania, whereas Botticella is a California resident who was employed by Bimbo in California.152 As previously noted, California has explicitly rejected the inevitable disclosure doctrine because of a strong public policy favoring employee mobility.153 Commentators interpreting the Third Circuit's opinion have contemplated whether Bimbo Bakeries would have received a different result in California: a more hostile and employee-friendly judicial environment.154 Furthermore, California courts have gone as far as rejecting a Maryland choice of law provision because it would "allow an out-of-state employer/competitor to limit employment and business opportunities in California."155 By trying the case in Pennsylvania under Pennsylvania law, Bimbo Bakeries assured greater protection of their trade secrets under an even lower standard than "inevitable."156

Therefore, prudent practitioners drafting employment contracts should include: (1) a reasonable non-compete agreement, (2) a confidentiality agreement, and (3) a choice of law and forum provision having Pennsylvania law govern the employment agreement.157 The decision in favorable standard for employers); Andy Arnold, *A Bimbo by Any Other Name: Third Circuit Upholds "Inevitable Disclosure" Injunction, Beat Your Non-Compete* (Feb. 12, 2011), http://www.scnoncompetelawyer.com/a-bimbo-by-any-other-name-third-circuit-upholds-inevitable-disclosure-injunction/ (finding court's lower standard intriguing).

151. See Schwartz et al., supra note 123, at 3 (noting *Bimbo Bakeries* is noteworthy for application of Pennsylvania choice of law clause).

152. See *Bimbo Bakeries*, 613 F.3d at 104-05 (discussing citizenship of Bimbo Bakeries and Botticella).

153. See Lester & Ryan, supra note 81, at 392 (discussing California's policy strongly favoring employee mobility). For a discussion of California's explicit rejection of inevitable disclosure doctrine in Whyte, see supra notes 77-82 and accompanying text.

154. See Tresa Baldas, *Bimbo Bakeries Seeks Limits on Its Departing Muffin Man*, Nat'l L.J., Jan. 27, 2010 (quoting one California lawyer suggesting Botticella lawyer "file a parallel action in California declaring that he has a right to compete." (internal quotation marks omitted)), Schwartz et al., supra note 123, at 3 ("One wonders if Botticella, who lived and worked in California, could have successfully brought a declaratory judgment action in California on the theory that application of Pennsylvania law would violate the public policy of California (which is hostile to non-compete agreements and to inevitable disclosure arguments.").

155. See Application Grp., Inc. v. Hunter Grp., Inc., 72 Cal. Rptr. 2d 75 (Cal. Ct. App. 1998) (refusing to recognize Maryland choice of law provision because application of Maryland law to enforce non-compete agreement would be contrary to fundamental policy of California); Lester & Ryan, supra note 81 at 400-01 (discussing *Application Group* court's refusal to uphold non-compete agreement based on Maryland choice of law provision).

156. See Schwartz et al., supra note 123, at 3 (noting favorable discrepancies between trying case in Pennsylvania versus California).

157. See id. (discussing steps employers should take in wake of *Bimbo Bakeries*); Morgan Lewis LawFlash, supra note 141, at 2 (same); see also Timothy P. Glynn,
Bimbo Bakeries makes the Third Circuit a pro-business jurisdiction and will likely draw much trade secret litigation into the federal court of Pennsylvania in a game of “strategic litigation.” 158

V. CONCLUSION

The Third Circuit’s decision in Bimbo Bakeries has garnered plenty of media attention for its soap opera plot involving corporate America, trade secrets, theft, deception, and a beloved American breakfast staple. 159 In the legal community, the Third Circuit’s opinion has been equally as popular, with practitioners focusing more on the extremely low threshold required to enjoin employment in a trade secret misappropriation case. 160 The court’s liberal standard adds another layer of complexity on to an already unsettled area of law and strengthens the argument for creating a Federal Trade Secrets Act. 161


158. See Lester & Ryan, supra note 81, at 392 (noting “variation among states in their willingness to enforce non-compete agreements that creates the conditions for conflict of laws and strategic litigation”).


160. Shannon P. Duffy, No Work for You, Muffin Man: Secret Recipe Keeps Exec From Job Switch, LEGAL INTELLIGENCER, Feb. 19, 2010, (discussing lower standard applied by court); Arnold, supra note 150 (finding lower standard to be “most important aspect” of decision); Lee A. Sevier, Top Level Executives Can Be Enjoined from Commencing Employment with a Competitor If There Is a Substantial Threat of Disclosing Trade Secrets, LABOR & EMP’T ALERT (Fox Rothschild LLP, Roseland, N.J.), Aug. 2, 2010 (noting employers should be aware of lower standard applied by court).

161. See Almeling, supra note 7, at 779 (arguing that “[Federal Trade Secrets Act] would achieve substantive uniformity by preempting nonuniform state laws, which, in turn, would solve the significant problems such differences cause”).