USING THE HISTORY OF NONCOMPETITION AGREEMENTS TO GUIDE THE FUTURE OF THE INEVITABLE DISCLOSURE DOCTRINE

by
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Some courts are willing to use trade secret law to enjoin former employees from working for a competitor even in the absence of a valid non-competition agreement. Courts discussing such injunctions call the theory of relief the inevitable disclosure doctrine. This doctrine has developed throughout many jurisdictions over the past few decades. Some states have expressly rejected the doctrine while other states have openly accepted it. At present, the majority of states have failed to come to a definitive decision or have yet to directly address the issue. This makes it difficult for employers and employees to make informed decisions regarding potential post-employment restraints.

In determining how to apply the inevitable disclosure doctrine, courts should utilize the more substantially developed jurisprudence for non-competition agreements, because the two doctrines are similar in two significant ways. First, the doctrines are functionally the same—both keep a former employee from working for a competitor. Additionally, the doctrines involve the same balance of interests—the assets of the employer, the freedom of the employee, and the public welfare. By considering the clear guidelines that courts and legislatures have adopted in the context of non-competition agreements, courts can develop and clarify the applicability of the inevitable disclosure doctrine more easily.

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I. Introduction

The inevitable disclosure doctrine evolved from trade secret law to provide a way to enjoin a departing employee from working for a competitor. The doctrine is not widely accepted as law, but it has not been widely rejected either. The majority of jurisdictions have yet to make a decision on the validity of a trade secret claim under the inevitable disclosure doctrine. Most courts that have considered the doctrine have declined to announce a clear decision. Moreover, the courts that have made a clear choice as to whether inevitable disclosure is a viable cause of action in their jurisdiction often fail to explain the reasons why they accepted or rejected the doctrine. Currently, most states have little guidance on the issue. The laws relating to inevitable disclosure are thus in dire need of clear decisions from courts. Courts that have the opportunity to interpret their state's trade secret law regarding inevitable disclosure need to make a choice and clarify their reasons in order to give future guidance to the jurisdiction's courts and to make expectations clear for employers and employees. Unfortunately, this has been a rare occurrence.

Despite several differences, the inevitable disclosure doctrine and noncompetition law operate in much the same way. Laws relating to noncompetition agreements (NCAs) have their roots in contract law, while the inevitable disclosure doctrine derives from trade secret law. Presently, courts that hear NCA cases benefit from substantial precedent and often legislative guidance, while most courts that hear inevitable disclosure doctrine cases have little to no precedent and no legislative guidance. This is because, for centuries, courts have been hearing cases involving covenants between employers and employees restricting competition, while the case law relating to the inevitable disclosure doctrine has had relatively little time to develop. Courts could use this difference in the development of the legal areas to their advantage, because the effect of using these laws is substantially similar. Despite the theoretical differences, the act of enforcing an NCA and enjoining an employee from competing using the inevitable disclosure doctrine are functionally the same—both keep a former

employee from working for a competitor. The balance of interests is the same in both situations—the assets of the employer, the freedom of the employee, and the public welfare. Because the concepts are so related, courts considering the inevitable disclosure doctrine should utilize the developed jurisprudence for NCAs. Courts hearing inevitable disclosure doctrine cases should first consider the state's existing policies and laws related to restricting the competition of former employees before deciding whether to apply the doctrine in the state.

This Note will begin by introducing the background of the inevitable disclosure doctrine, including a brief summary of its current use. Next, it will discuss issues courts should consider when deciding a case that includes a claim under the doctrine. Specifically, this Note will advocate utilizing a state's current noncompetition laws to guide a decision and resolution of an inevitable disclosure case. Finally, this Note will analyze the laws of three states that have yet to hear an inevitable disclosure case. For each state, this Note will make a recommendation regarding the acceptance or rejection of the inevitable disclosure doctrine based on that state's current noncompetition laws and policies.

II. BACKGROUND

A. Noncompetition Agreements

Noncompetition agreements (NCAs), also known as covenants not to compete, are contracts between employers and employees where an employee agrees not to compete with the employer even after the employment relationship terminates. An NCA's main purpose is to protect a business from unfair competition by former employees using special knowledge or customer relationships the employee gained in the course of working for the business to benefit himself or a new company.

An illustration of a common circumstance that prompts an NCA will help explain the use of these agreements. Suppose Jane owns a landscaping business, and her business is growing. In fact, she no longer has time to meet with all her customers personally. Jane decides to hire another landscaper, Paul, to help with demand. Almost all of her customers are repeat, long-term customers, so part of Paul's job will include fostering and maintaining quality professional relationships with Jane's customers. Additionally, Jane makes her own high-quality, organic fertilizer, which has significantly contributed to Jane's success. Jane perfected the fertilizer recipe over many years and is the only one who knows the formula. Jane would like Paul to help produce the fertilizer to keep up with demand.

Before Jane hires Paul, she should consider having him sign an NCA. This agreement will help protect Jane if Paul decides to leave. Otherwise, Paul could unfairly compete with Jane by using his relationships with Jane's customers to convince them to switch to Paul's new employer or his own new business. Or Paul may try to use or share Jane's fertilizer recipe. Having an NCA will help inform Paul of his duties to Jane if he

should choose to leave her business. This may avoid future problems. And if Paul breaks the NCA by working for a competing business, Jane will have a legal remedy—she can ask a court to order Paul to adhere to the agreement, i.e. enjoin him from working in a competing landscape business.

State laws govern NCAs and their enforceability varies widely by jurisdiction. Many states have enacted statutes related to NCAs,[1] while other states rely solely on principles of common law.[2] For centuries, courts have wrestled with the balance of competing interests affected by NCAs,[3] and each state's courts have come up with different solutions.

Most states use a reasonableness test that has developed in the common law to determine the enforceability of an NCA. Although jurisdictions phrase the exact elements of their reasonableness test differently, most jurisdictions focus on three, fact-intensive elements to judge the enforceability of an NCA.[4] First, courts will determine if the business seeking to enforce the agreement has a legitimate business interest that deserves protection. Second, courts will determine if the scope of the agreement's restrictions are reasonable under the circumstances of the case. Courts want to make sure that the restrictions are no broader than necessary to protect the business's interest. Third, courts will consider the effects on and interests of the public and the employee subject to the agreement.[5] If the restrictions will cause undue harm to the employee or the public, the court will not enforce an otherwise valid NCA.[6] Jurisdic-

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[1] *E.g.*, COLO. REV. STAT. § 8-2-113 (2012); IDAHO CODE ANN. § 48-104 (2012); MICH. COMP. LAWS § 445.774a (2013).

[2] *E.g.*, Rogers v. Runfola & Assocs., Inc., 565 N.E.2d 540, 543–44 (Ohio 1991) (analyzing a covenant not to compete under Ohio common law).

[3] In England, restraints of trade were originally unenforceable. But in 1711, a case changed the long-standing rule to allow contracts that restricted trade under some circumstances. Mitchel v. Reynolds, (1711) 24 Eng. Rep. 347 (B.R.) 347; 1 P. Wms. 181, 181 ("A bond or promise to restrain oneself from trading in a particular place, if made upon a reasonable consideration, is good. [Unless] if it be on no reasonable consideration, or to restrain a man from trading at all." (internal citation omitted)). The requirements and restrictions of NCAs have been developing ever since.

[4] *See* 6 SAMUEL WILLISTON, A TREATISE ON THE LAW OF CONTRACTS § 13:4 (Richard A. Lord, ed., 4th ed. 2012).

[5] *Id.*

[6] *E.g.*, King v. Head Start Family Hair Salons, Inc., 886 So. 2d 769, 771–72 (Ala. 2004) (finding that the NCA worked an undue hardship upon the employee because it would require her to learn a new trade after working for 25 years in the hair care industry); Iredell Digestive Disease Clinic, P.A. v. Petrozza, 373 S.E.2d 449, 454–55 (N.C. Ct. App. 1988) (finding unenforceable an NCA that would harm the public interest by substantially limiting the public's choice of medical care); Lynch v. Bailey, 90 N.Y.S.2d 359, 363 (N.Y. App. Div. 1949) (refusing to enforce an NCA that would result in hardship on the employee by causing a "total loss of all [accounting] practice . . . in effect in the only places where such withdrawing partner normally could succeed in private practice of his profession"). However, even if a court finds a restriction to be unreasonable, most jurisdictions allow courts to reform an NCA. *See, e.g.*, R.J. Carbone Co. v. Regan, 582 F. Supp. 2d 220, 226 (D.R.I. 2008) (reforming an

tions vary most in their treatment of the first element. For example, one state may consider specialized training to be a legitimate business interest, while another state does not.[7] If a court finds the NCA to be enforceable, a court may enjoin[8] a defendant from working for a competitor or starting her own competing business that would violate the terms of the NCA.[9]

Many states have prohibited NCAs by statute. A few states have prohibited NCAs entirely. For example, a California statute states, "every contract by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void."[10] Other states have limited certain kinds of NCAs, but otherwise follow the reasonableness test. For example, the Delaware code states that an NCA restricting a physician is unenforceable, but it is silent with respect to other professions.[11] NCAs are an effective way for employers to protect their interests when employees leave; however, sometimes employers do not have employees sign NCAs but can still seek protection for their business interests by using trade secret law.

B. Trade Secrets

Many businesses have valuable secrets they would like to keep from their competitors, and state law offers some protection from competitors using improper means to discover these secrets. A "trade secret" is a type of intellectual property. But unlike some other intellectual property pro-

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NCA with a 100-mile radius to only those areas that a sales employee actually serviced). *But see, e.g.*, Bendinger v. Marshalltown Trowell Co., 994 S.W.2d 468, 473 (Ark. 1999) (declining to modify unreasonably broad NCAs).

[7] *See* Frank J. Cavico, *"Extraordinary or Specialized Training" as a "Legitimate Business Interest" in Restrictive Covenant Employment Law: Florida and National Perspectives*, 14 ST. THOMAS L. REV. 53, 72–92 (2001).

[8] Most plaintiffs seeking enforcement of an NCA seek an injunction; however, courts will sometimes award other remedies, such as lost profits, other compensatory damages, attorneys' fees, and, rarely, punitive damages. *See* Drummond Am. LLC v. Share Corp., No. 3:08CV1665, 2010 WL 2574096, at *6–7 (D. Conn. April 9, 2010) (awarding a permanent injunction and money damages, including: over $100,000 in compensatory damages, $165,000 in punitive damages, and $270,000 in attorneys' fees).

[9] NCAs are often subject to other contract principles that may affect their validity. For example, the existence of consideration in exchange for an employee signing the agreement is often in doubt, and what a court considers sufficient consideration varies from state to state. *Compare* Digitel Corp. v. DeltaCom, Inc., 953 F.Supp. 1486, 1496 (M.D. Ala. 1996) (concluding continued employment is sufficient consideration for a noncompete agreement) *with* Freeman v. Duluth Clinic, 334 N.W.2d 626, 630 (Minn. 1983) (concluding continued employment is not sufficient consideration for a noncompete agreement). *See generally* BRIAN M. MALSBERGER, COVENANTS NOT TO COMPETE: A STATE-BY-STATE SURVEY (7th ed. 2010).

[10] CAL. BUS. & PROF. CODE § 16600 (West 2012). California does provide an exception for an NCA made contemporaneously to the sale of a business. Comedy Club, Inc. v. Improv W. Assocs., 514 F.3d 833, 847 (9th Cir. 2007).

[11] DEL. CODE ANN. tit. 6, § 2707 (2012). States differ widely in their restrictions on NCAs for specific professions. *See generally* MALSBERGER, *supra* note 9.

tections, trade secret owners do not have to register anything with the state or federal government before claiming the law's protections. Registration or publication would render the secret no longer secret and, therefore, no longer provide an advantage to the trade secret holder. Instead of protecting the information itself, the law prohibits the improper disclosure or discovery of those secrets. Independently discovering the same formula as the claimed trade secret is allowed under trade secret law, but sneaking into a factory to find the formula is not.

Trade secret law evolved out of common law, but all except three states have now adopted the Uniform Trade Secret Act (UTSA).[12] The UTSA defines trade secrets broadly as "information, including a formula, pattern, compilation, program, device, method, technique, or process . . . ."[13] Additionally, to qualify for protection, the information needs to: (1) have an independent economic value; (2) be a secret, meaning not generally known or readily ascertainable;[14] and (3) be the "subject of efforts that are reasonable under the circumstances to maintain its secrecy."[15]

The types of information that qualify as a trade secret are similar to the types of information for which you can seek a patent. However, patents require disclosure of the information to the public, the protection eventually expires, and obtaining one can be very expensive.[16] On the other hand, trade secret law covers more types of information,[17] protects that information indefinitely (as long it continues to meet the definition), and the protection rights are automatic.[18]

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[12] *See* UTSA, Prefatory Note, 14 U.L.A. 530–31 (2005) [hereinafter UTSA]; UTSA, Table of Jurisdictions Wherein Act Has Been Adopted, 14 U.L.A. 77–78 (Supp. 2013). The UTSA was created by the American Law Institute (ALI) to bring uniformity to widely varying state laws across the country. *See* UTSA, Prefatory Note, 14 U.L.A. at 532. Massachusetts, North Carolina, and New York are the only states that have not adopted the UTSA; Texas is the most recent state to adopt it, effective September 1, 2013. 2013. Tex. Sess. Law Serv. ch. 10 (West).

[13] UTSA (amended 1985) § 1(4).

[14] Some states do not include the "readily ascertainable" language in their adoption of the UTSA. *E.g.*, CAL. CIV. CODE § 3426.1(d) (West 2012).

[15] UTSA (amended 1985) § 1(4). Not every state has adopted the UTSA as proposed by the ALI. Many states edited the statutes before enacting them, so each state's statute needs to be consulted to determine what qualifies as a "trade secret" in that state. *See* BRIAN M. MALSBERGER, TRADE SECRETS: A STATE-BY-STATE SURVEY, Appendix B, 2557–2761 (4th ed. 2011) (containing red-line comparisons between the UTSA and the law enacted in each state).

[16] *See* David Fagundes & Jonathan S. Masur, *Costly Intellectual Property*, 65 VAND. L. REV. 677, 690 (2012) ("[A]n average patentee will spend approximately $22,000 to successfully prosecute a patent application.").

[17] Trade secret protection includes valuable negative information, meaning information regarding methods or products that failed. *See* Charles Tait Graves, *The Law of Negative Knowledge: A Critique*, 15 TEX. INTELL. PROP. L.J. 387, 388, 396 (2007).

[18] *See* MELVIN F. JAGER, 1 TRADE SECRETS LAW § 1.01 (1988) ("Another factor enhancing the value of trade secrets is the relative ease of creating and controlling trade secret rights. . . . A trade secret right starts upon the creation of the idea in some concrete form, and continues as long as secrecy is maintained.").

Consider the earlier example of Jane's landscaping business. Jane's recipe for fertilizer could be a formula or method—both covered under the UTSA. Jane's recipe has economic value in that customers may be more likely to choose her business to receive the desired fertilizer. Currently, the recipe for the fertilizer is a secret; no one knows it or could easily discover it. As long as Jane exerts reasonable efforts to keep the recipe a secret,[19] her fertilizer will qualify as a trade secret.

When a person or entity improperly obtains or discloses another's trade secret, the trade secret owner can sue claiming misappropriation. Misappropriation has multiple definitions in the UTSA. A plaintiff can show misappropriation by proving that the defendant acquired the trade secret by "improper means."[20] Improper means would include actions such as theft, bribery, or espionage.[21] Alternatively, a plaintiff can show misappropriation by proving a person used or disclosed the trade secret and either: (1) that person received it from someone who obtained it improperly; (2) that person was or received it from someone subject to a duty to maintain its secrecy; or (3) that person knew the information was a trade secret, obtained the knowledge by mistake, but still used it or disclosed it further.[22] In the case of employees leaving employers, businesses allege misappropriation by claiming that the employee had a duty to maintain the secrecy of a trade secret and nonetheless disclosed or used it. Even without an express agreement, employees have a duty to not use

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[19] Reasonable efforts to maintain secrecy depend on the circumstances, but could include actions such as keeping written information locked in a file, restricting access to the information, or having employees exposed to the secrets sign nondisclosure agreements. UTSA (amended 1985) § 1, cmt. 5.

[20] *Id.* § 1(2)(i).

[21] *Id.* § 1(1). However, reverse engineering a product that has been sold publicly does not qualify as "improper means." JAGER, *supra* note 18, § 3.04. Having competitors reverse engineer a product is a risk businesses take in choosing not to patent the information.

[22] UTSA (amended 1985) § 1(2). The full definition of "misappropriation" is:

> (i) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or
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> (ii) disclosure or use of a trade secret of another without express or implied consent by a person who
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> > (A) used improper means to acquire knowledge of the trade secret; or
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> > (B) at the time of disclosure or use, knew or had reason to know that his knowledge of the trade secret was
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> > > (I) derived from or through a person who had utilized improper means to acquire it;
> > >
> > > (II) acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or
> > >
> > > (III) derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or
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> > (C) before a material change of his [or her] position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

or disclose a business's trade secrets after their employment terminates.[23] Therefore, in the example above, if Paul left Jane's landscaping business and started using Jane's fertilizer recipes for a competitor, Jane would have the right to sue Paul for misappropriation, even if Jane and Paul had signed no formal agreement.

If a business can prove misappropriation of a trade secret, the court may order damages or an injunction. Damages would include any actual loss by the plaintiff, plus any additional value in unjust enrichment the defendant received.[24] Often more damaging, a court may enjoin defendants from further use or disclosure of a trade secret,[25] meaning if a competing business misappropriated a trade secret in making a product, the court could feasibly stop the production of an entire factory. For example, if Jane could prove that Paul misappropriated her trade secret, she may be able to stop Paul and the competitor from using the recipe, and the court may award money damages to compensate for any lost profits. Traditionally, injunctions to protect trade secrets stop the misappropriator from using or disclosing the secret. However, some courts have used trade secret law to enjoin an employee from even going to work for a competitor. These courts use a legal theory called the inevitable disclosure doctrine.

C. Inevitable Disclosure Doctrine

Businesses often worry about their trade secrets when employees depart, especially when the business failed to have the employee sign an NCA. If a business still wants to keep its employee from taking a new job with a competitor and does not have an NCA, some courts, under particular circumstances, will allow businesses to use trade secret law to enjoin a former employee from working for a competitor.

Courts and scholars refer to this type of trade secret claim as the inevitable disclosure doctrine. When an employee leaves a business for a similar position with a competitor, the business claims that the employee, in the performance of his new job, will inevitably use or disclose the trade secrets that are stored in the employee's memory. For example, if Paul left Jane's business to work for a competitor where Paul was hired to help formulate a new fertilizer, Paul might not be able to ignore his knowledge of Jane's successful fertilizer recipe. Jane will claim that Paul will inevitably use her trade secrets while making fertilizer. Therefore,

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[23] RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 42 (1995).

[24] UTSA § 3, 14 U.L.A. 633, 633–34 (2005) (also allowing the court to double the award or award attorney's fees in the case of willful or malicious misappropriation). Alternatively, if damages are too difficult to speculate, the court may award a "reasonable royalty" for the use of the trade secret. *Id.*

[25] UTSA § 2, 14 U.L.A. 619, 619 (2005) (stating that "[a]ctual or threatened misappropriation may be enjoined"). Injunctions under the UTSA can last indefinitely, but shall be terminated once the trade secret has ceased to exist (i.e. the information is no longer secret or valuable). *Id.*

even if Jane does not have an NCA, Jane can ask a court to use the inevitable disclosure doctrine to enjoin Paul from disclosing her trade secrets by stopping him from taking a new job making fertilizer for a competitor, and competition will be restricted without the use of an NCA.

The doctrine of inevitable disclosure has evolved slowly throughout many jurisdictions. The first published case to use the phrase "inevitable disclosure," in reference to trade secret misappropriation, was a federal district court in 1986.[26] However, earlier courts have used a similar theory. One of the earliest cases to use such a theory was *B.F. Goodrich Company v. Wohlgemuth*, in 1963.[27] The court enjoined an employee from working for a competitor under Ohio law stating, "[e]quitable intervention is sanctioned when it appears, as it does in the instant case, that there exists a present real threat of disclosure, even without actual disclosure."[28] Courts that have recently used the inevitable disclosure doctrine usually treat such a claim as a kind of "threatened misappropriation."[29] The UTSA expressly lists threatened misappropriation of a trade secret as an appropriate reason to grant an injunction.[30]

The status of the inevitable disclosure doctrine in any jurisdiction can be hard to pinpoint, and courts compound the problem by using the phrase "inevitable disclosure" when discussing several different legal issues. Some courts use inevitable disclosure when describing the legitimate interest required *to support an NCA*.[31] Other courts discuss inevitable disclosure in the context of analyzing the standards for determining whether to grant an injunction—a court will describe inevitable disclosure as a reason for granting an injunction *in an NCA case*.[32] True inevitable disclosure

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[26] Surgidev Corp. v. Eye Tech., Inc., 648 F. Supp. 661, 695 (D. Minn. 1986).

[27] 192 N.E.2d 99 (Ohio Ct. App. 1963).

[28] *Id.* at 101–05 (enjoining an executive of the "pressure-space suit department" from working with a competitor in the "pressure-space equipment field" on the basis of trade secret law and absent an NCA).

[29] *See, e.g.*, Kelly Servs., Inc. v. Marzullo, 591 F. Supp. 2d 924, 943 (E.D. Mich. 2008).

[30] UTSA § 2, 14 U.L.A. 619, 619 (2005) ("Actual or threatened misappropriation may be enjoined."). Other courts interpret "threatened misappropriation" to require near an express threat or disagree as to what kind of an injunction a court should grant in such a case. *See* Barry L. Cohen, *The Current Status of the Inevitable Disclosure Doctrine: A Unique Trade Secret Litigation Tool*, LANDSLIDE, Nov.–Dec. 2010, at 41 ("[I]n traditional misappropriation cases, the remedy is often an injunction against the disclosure of certain information. . . . under the inevitable disclosure doctrine, the injunction sought is to actually bar the employee from working at a particular place.").

[31] *E.g.*, Lumex, Inc. v. Highsmith, 919 F. Supp. 624, 628–36 (E.D.N.Y. 1996) (The court used the inevitable disclosure doctrine when discussing the plaintiff's legitimate interest in a noncompete agreement; however, the court found the noncompete agreement to be reasonable and enforceable. The court was relying on the legal principles of the state's noncompetition laws, not its trade secret laws.).

[32] *E.g.*, Lombard Med. Tech., Inc. v. Johannessen, 729 F. Supp. 2d 432, 438–43 (D. Mass. 2010) (The court found the covenant not to compete between the parties was enforceable, but analyzed the facts under the inevitable disclosure doctrine when discussing the requirement of irreparable harm in order to grant an injunction. The court did not rely on trade secret law to restrict competition.).

cases are cases where an employer seeks an injunction to stop a former employee from competing despite failing to secure an NCA, or after a court finds an NCA unenforceable.[33] In true inevitable disclosure cases, courts grant an injunction based solely on trade secret laws.

Despite the majority of states' adoption of the Uniform Trade Secret Act, the viability of the inevitable disclosure doctrine varies widely. Some states have accepted the doctrine with open arms.[34] Some states have expressly rejected the doctrine.[35] Some states treat it somewhere in between the two extremes, somewhat adopting the doctrine or a modified version of it.[36] The majority of states have failed to come to a definitive decision or have never addressed the doctrine. Courts making decisions regarding the doctrine face a challenging task of balancing a multitude of policy concerns and potential ramifications that pull in both directions. Unfortunately, very few courts have been clear on the viability of a claim based on inevitable disclosure and many have squandered important opportunities to clarify the law.

III. MAKING THE INEVITABLE CHOICE

A. The Need for a Choice

Often, courts will avoid the difficult decision regarding the validity of an inevitable disclosure claim. Some courts avoid the decision by finding for the defendant on some other issue. Some courts determine that no trade secret exists and stop there.[37] Some courts escape the decision by finding that the plaintiff would fail whether or not inevitable disclosure

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[33] *E.g.*, Bimbo Bakeries USA, Inc. v. Botticella, 613 F.3d 102, 105, 119 (3d Cir. 2010) (issuing an injunction against a former employee, without a noncompete agreement, to protect Bimbo Bakeries' trade secrets, including "the secret behind [their] muffins' unique 'nooks and crannies' texture"); PepsiCo, Inc. v. Redmond, 54 F.3d 1262, 1263, 1271 (7th Cir. 1995) (enjoining a PepsiCo executive, not subject to an NCA, from working at Quaker).

[34] *E.g.*, Cardinal Freight Carriers, Inc. v. J.B. Hunt Transp. Servs., Inc., 987 S.W.2d 642, 647 (Ark. 1999).

[35] *E.g.*, LeJeune v. Coin Acceptors, Inc., 849 A.2d 451, 471 (Md. 2004) ("[W]e conclude that the theory of 'inevitable disclosure' cannot serve as a basis for granting a plaintiff injunctive relief under [the Maryland UTSA.]").

[36] *E.g.*, H & R Block E. Tax Servs., Inc. v. Enchura, 122 F. Supp. 2d 1067, 1075 (W.D. Mo. 2000) (contemplating that "inevitability *in combination with* a finding that there is unwillingness to preserve confidentiality [by the employee or new employer]" would be required to make a claim of inevitable disclosure) (emphasis in original); Aetna, Inc. v. Fluegel, No. CV074033345S, 2008 WL 544504, at *6 (Conn. Super. Ct. Feb. 7, 2008) ("[Connecticut courts] have only applied [the inevitable disclosure doctrine] where the employee was bound by a covenant not to compete."); U.S. Land Servs., Inc. v. U.S. Surveyor, Inc., 826 N.E.2d 49, 68 n.5 (Ind. Ct. App. 2005) (distinguishing between the use of the inevitable disclosure doctrine in other cases that involved a noncompete agreement and this case which did not).

[37] *E.g.*, Agency Solutions.com, LLC v. Trizetto Grp., Inc., 819 F. Supp. 2d 1001, 1019 (E.D. Cal. 2011).

was an available claim.[38] Additionally, of the few courts that do make a decision on the subject, many do not publish their opinions.[39] Only 17 states have at least one reported case that supplies a clear answer to the inevitable disclosure question.[40] However, even in states that have previ-

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[38] *E.g.*, Cardinal Health Staffing Network, Inc. v. Bowen, 106 S.W.3d 230, 242 (Tex. App. 2003) ("[E]ven if we were to adopt [the inevitable disclosure doctrine], [the Defendant] produced evidence that would defeat the doctrine's application here.").

[39] *E.g.*, Avery Dennison Corp. v. Finkle, No. CV010757706, 2002 WL 241284 (Conn. Super. Ct. Feb. 1, 2002) (applying the inevitable disclosure doctrine in an unpublished opinion); Actuator Specialties, Inc. v. Chinavare, No. 297915, 2011 WL 6004068, at *5 (Mich. Ct. App. Dec. 1, 2011) (applying inevitable disclosure doctrine in an unpublished opinion).

[40] Cases clearly accepting the inevitable disclosure doctrine:
Bimbo Bakeries USA, Inc. v. Botticella, 613 F.3d 102, 111 (3d Cir. 2010) (interpreting Pennsylvania law to accept the inevitable disclosure doctrine); PepsiCo, Inc. v. Redmond, 54 F.3d 1262, 1267 (7th Cir. 1995) (applying Illinois law); Interbake Foods, LLC v. Tomasiello, 461 F. Supp. 2d 943, 973 (N.D. Iowa 2006) (concluding that "the inevitable disclosure doctrine is just one way of showing a threatened disclosure"); Lexis-Nexis v. Beer, 41 F. Supp. 2d 950, 958 (D. Minn. 1999) ("[T]o obtain an injunction under [the Minnesota UTSA], the moving party must show that there is a high degree of probability of inevitable disclosure." (quoting IBM Corp. v. Seagate Tech., Inc., 941 F. Supp 98, 100 (D. Minn. 1992) (internal quotation marks omitted)); Merck & Co. v. Lyon, 941 F. Supp. 1443, 1460 (M.D.N.C. 1996) ("[I]t does appear that North Carolina would enjoin threatened misappropriation based upon an inevitable disclosure theory where the injunction is limited to protecting specifically defined trade secrets . . . ."); Novell Inc. v. Timpanogos Research Grp., Inc., 46 U.S.P.Q. 2d 1197, 1215–17 (D. Utah 1998) (applying the inevitable disclosure under Utah law); Cardinal Freight Carriers, Inc. v. J.B. Hunt Transp. Servs., Inc., 987 S.W.2d 642, 643–47 (Ark. 1999) (affirming an injunction against a former employee without a noncompete agreement based on the inevitable disclosure doctrine); E.I. duPont de Nemours & Co. v. Am. Potash & Chem. Corp., 200 A.2d 428, 436 (Del. Ch. 1964) (affirming an injunction against a former employee despite the absence of a noncompete agreement reasoning "that 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"); Nat'l Starch & Chem. Corp. v. Parker Chem. Corp., 530 A.2d 31, 33 (N.J. Super. Ct. App. Div. 1987) ("It is sufficient that the circumstances give rise to an inference that substantial threat of disclosure exists."); Marietta Corp. v. Fairhurst, 754 N.Y.S.2d 62, 65–66 (N.Y. App. Div. 2003) (describing the inevitable disclosure doctrine as a claim that parties may make, but finding the claim to be unsupported in the case at hand); Dexxon Digital Storage, Inc. v. Haenszel, 832 N.E.2d 62, 68–70 (Ohio Ct. App. 2005) (using the inevitable disclosure doctrine to enjoin former employees after finding a noncompete agreement unenforceable).
Cases clearly rejecting the inevitable disclosure doctrine:
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."); Standard Brands, Inc. v. Zumpe, 264 F. Supp. 254, 265 (E.D. La. 1967) (refusing to enjoin a former employee from competing because Louisiana law at the time did not allow express noncompete agreements and a court will not enforce an implied one); Safety-Kleen Sys., Inc. v. McGinn, 233 F. Supp. 2d 121, 124 (D. Mass. 2002) ("Massachusetts law provides no basis for an injunction without a showing of

ously rejected the doctrine, other opinions cloud the decision by speaking favorably about the doctrine,[41] although not in the context of true inevitable disclosure cases.[42] Even states that have a clear case accepting or rejecting the doctrine, many are federal district court opinions that would be merely persuasive for a state court hearing a similar case. Most courts that receive an inevitable disclosure case will have to piece together the state's law and policies related to the inevitable disclosure doctrine, scrounging prior cases for allusions, clues, insinuations, and dicta.[43]

Articulating clear answers to legal questions is always preferable, but a clear answer is especially important for inevitable disclosure cases. Unlike in inevitable disclosure situations, lawyers have many factually analogous cases to inform their advice in NCA cases. The outcomes of application of trade secret law are similarly difficult to foresee, but plenty of example cases exist to help determine, for example, what constitutes a trade secret. Inevitable disclosure doctrine is a child of two inexact areas of law. The merits of the application of the inevitable disclosure doctrine in any particular case will never be definite, but lawyers, the public, and other courts need and deserve useful guidance—starting with whether the doctrine exists at all, which could easily be made clear by a court facing the issue at any time.

Without having a settled answer on the most basic question of whether one may even make a claim of inevitable disclosure in that state, neither employers nor employees can make informed choices. Employees could be subject to a restriction that remains unknown until they leave and become trapped in lengthy litigation. Employers cannot properly weigh the risks and rewards of requiring employees to sign NCAs. Only when courts clearly declare the viability of inevitable disclosure injunctions will employees be afforded any notice of this potential restriction. Alternatively, only when courts clearly reject the validity of the inevitable disclosure doctrine will employers be forced to choose whether to require an NCA at the onset of employment.

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actual disclosure." This case has not been cited in later Massachusetts cases discussing inevitable disclosure, although the later cases have all involved noncompete agreements.); Whyte v. Schlage Lock Co., 125 Cal. Rptr. 2d 277, 293 (Cal. Ct. App. 2002) ("Lest there be any doubt about our holding, our rejection of the inevitable disclosure doctrine is complete."); *LeJeune*, 849 A.2d at 471 (Md.); Gov't Tech. Servs., Inc. v. IntelliSys Tech. Corp., 51 Va. Cir. 55, 55 (1999) ("Virginia does not recognize the inevitable disclosure doctrine.").

[41] *E.g.*, Aspect Software, Inc. v. Barnett, 787 F. Supp. 2d 118, 130 n.11 (D. Mass. 2011).

[42] *See supra* note 38 and accompanying text.

[43] *See* Joseph J. Mahady, *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, 56 VILL. L. REV. 699, 708 (2012) ("Courts confronting the doctrine took a myriad of inconsistent approaches. The inconsistency has led to a patchwork of judicial opinions and a struggle amongst the federal courts to interpret the applicable state law." (footnote omitted)).

The few benefits retained by courts continuing to evade clear decisions are outweighed by the benefits of a clear answer to the doctrine's basic questions. Once a jurisdiction decides clearly, employers and employees may have less flexibility in bringing and arguing cases. A clear decision may cause employers or employees to relocate to jurisdictions with more favorable laws.[44] Choice of law battles and "races to the courthouse" may increase as the differences between states become more concrete.[45] However, the importance of making a decision regarding the viability of inevitable disclosure claims overshadows the speculative adverse effects of such a decision. The need for a decision is clear—the problem remains of how to make that important decision.

B. Common Considerations

Both courts and scholars have struggled with the inevitable disclosure doctrine to the detriment of the uniformity of the Uniform Trade Secret Act.[46] For most states, the inevitable disclosure debate centers around the interpretation of Section 2 of the UTSA that states, "[a]ctual or *threatened* misappropriation may be enjoined."[47] Defining a threat of misappropriation will determine the answer to the inevitable disclosure question. If a threat can be implied from the circumstances, then perhaps a high-level employee taking a similar position with a competitor is a "threat" of misappropriation and a court could grant an injunction. However, if a potential misappropriator has to have some kind of intent to misappropriate, then an employer would have to prove that the employee planned to misappropriate trade secrets or otherwise acted improperly with respect to trade secrets, and the employer could not rely on the inevitability of the misappropriation.

Even if a court interprets "threatened misappropriation" to allow for such an implied threat, the court must then decide the scope of an injunction. The UTSA just says that the threatened misappropriation "may be enjoined."[48] Traditional trade secret injunctions enjoin only the actual acts of using or disclosing.[49] But if a court could enjoin threatened mis-

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[44] *See* Gillian Lester & Elizabeth Ryan, *Choice of Law and Employee Restrictive Covenants: An American Perspective*, 31 COMP. LAB. L. & POL'Y J. 389, 406–07, 420–21 (2010); Sonya P. Passi, *Compensated Injunctions: A More Equitable Solution to the Problem of Inevitable Disclosure*, 27 BERKELEY TECH. L.J. 927, 938–39 (2012).

[45] *See generally* Lester & Ryan, *supra* note 44, at 405–20 (discussing parallel litigation in the noncompete agreement context).

[46] The UTSA proscribes that "[t]his [Act] shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this [Act] among states enacting it." UTSA § 8, 14 U.L.A. 656, 656 (2005) (second and third alteration in original). However, many states have failed to enact the same statutory language, as well as following their own interpretations of various provisions. *See generally* MALSBERGER, *supra* note 15, at 2557–58.

[47] UTSA § 2, 14 U.L.A. 619, 619 (2005) (emphasis added).

[48] *Id.*

[49] *See, e.g.*, MASS. GEN. LAWS ANN. ch. 93, § 42A (West 2006).

appropriation, then, presumably, a court could enjoin the threatening behavior. For example, if a company found out an employee has been copying trade secret information and bringing it home—not actually using it or disclosing it, but manifesting an intent to use or disclose it, i.e. threatening misappropriation—the company could ask for an injunction to stop the employee from copying information and to make the employee give back all the information she already took. However, if a court permits a likely inevitable disclosure situation to constitute a threat of misappropriation, the court would have to decide if enjoining an employee from competition is the type of injunction allowed under trade secret law.[50] Arguably, if the mere employment constitutes a threat, then a court could enjoin that threat and enjoin an employee from taking the employment. Therefore, if a court allows a business to claim inevitable disclosure as a threat, it could then enjoin the employee from taking the employment that would inevitably lead to misappropriation. So the question comes down to—Can a threat be implied from knowledge of trade secrets and employment in a substantially similar position with a competitor?[51] Courts and scholars continue to wrestle with this question. They have formed many different iterations of the issue and give many different answers for different reasons. Because state trade secret statutes give little guidance regarding when to enjoin departing employees, courts primarily consider state policy when making such a decision. From the few states that have made a decision come some common arguments for and against the adoption of the inevitable disclosure doctrine.

1. Arguments for Adopting the Inevitable Disclosure Doctrine

Judges and scholars agree that many reasons to use the inevitable disclosure doctrine exist. The policies of trade secret law itself may give courts grounds for adopting the inevitable disclosure doctrine, mainly to encourage commercial ethics and discourage unfair competition.[52] By allowing injunctions and expensive lawsuits against employees and competing businesses, departing employees will be less likely to purposefully or accidentally disclose or use the trade secrets of a former employer, and businesses will be less likely to recruit high level employees from compet-

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[50] *See* Pearl Invs., LLC v. Standard I/O, Inc., 297 F. Supp. 2d 335, 336–39 (D. Me. 2004) (enjoining a former employee from misappropriating but declining to enjoin him from working for a competitor in the field); MSC.Software, Inc. v. Altair Eng'g, Inc., No. 07-12807, 2009 WL 1856222, at *3 (E.D. Mich. June 25, 2009) ("[E]ven if a threatened misappropriation claim encompasses the concept of inevitable disclosure, a former employer could not compromise an employee's right to change jobs.").

[51] If the employee's new position is not similar or the position is not at a competitor of the former employer, the employer's claim of inevitable disclosure will fail on the merits—whether or not a court accepts the doctrine. *See, e.g.*, APAC Teleservices, Inc. v. McRae, 985 F. Supp. 852, 862 (N.D. Iowa 1997) (distinguishing the case at hand from another inevitable disclosure case because the employee's new job was not similar to his previous job).

[52] *See* PepsiCo, Inc. v. Redmond, 54 F.3d 1262, 1268 (7th Cir. 1995).

itors.[53] Providing more protection for trade secrets also may encourage innovation.[54] Employers will feel freer to entrust information to their employees and to invest money in new technologies.[55] The public interest may be served by the newer and higher quality goods that result from increased investment in research and technology. Giving more protection to trade secrets by adopting the inevitable disclosure doctrine will further all these policies that courts and legislators sought to promote by establishing trade secret laws in the first place.

2. Arguments Against Adopting the Inevitable Disclosure Doctrine

On the other hand, judges and scholars also agree that many reasons exist *not* to adopt the inevitable disclosure doctrine. The main concern with enjoining departing employees from working elsewhere is the restriction on that worker's personal freedom and right to earn a living.[56] When switching jobs, most workers' new jobs are substantially similar to their old ones. Their value is often tied to their experience. An injunction against a departing employee from working in a similar job is similar to asking the employee to give up their most valuable asset in the job market—knowledge and experience.[57] Departing employees under these injunctions may still be able to find some kind of work to support their families, but not with the same economic advantage.

Additionally, the viability of inevitable disclosure claims disturbs the at-will employment doctrine.[58] The give and take of at-will employment is that employers are free to fire employees at will, while employees are free to quit at will and work somewhere else. Of course, one can modify at-will

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[53] *See* Jules S. Brenner, *The Doctrine of Inevitable Disclosure and its Inevitable Effect on Companies and People*, 7 LAW & BUS. REV. AM. 647, 668–69 (2001).

[54] JAGER, *supra* note 18, § 1.04; Christopher Rebel J. Pace, *The Case for a Federal Trade Secrets Act*, 8 HARV. J.L. & TECH. 427, 427 (1995).

[55] *See* Keith A. Roberson, *South Carolina's Inevitable Adoption of the Inevitable Disclosure Doctrine: Balancing Protection of Trade Secrets with Freedom of Employment*, 52 S.C. L. REV. 895, 909 (2001) ("Because an employer must entrust employees with trade secrets in order for those secrets to be utilized and further developed, businesses have a vested interest in ensuring that those secrets do not leave with the employee.").

[56] *See* Elizabeth A. Rowe, *When Trade Secrets Become Shackles: Fairness and the Inevitable Disclosure Doctrine*, 7 TUL. J. TECH. & INTELL. PROP. 167, 183 (2005) ("Critics contend that the inevitable disclosure doctrine undermines the employee's fundamental right to move freely and pursue his livelihood.").

[57] *See* Sarah J. Taylor, Comment, *Fostering Economic Growth in the High-Technology Field: Washington Should Abandon Its Recognition of the Inevitable Disclosure Doctrine*, 30 SEATTLE U. L. REV. 473, 499–500 (2007) ("[The enjoined employee is] prevented from offering his skills to the highest bidder in a competitive marketplace.").

[58] *See* John H. Matheson, *Employee Beware: The Irreparable Damage of the Inevitable Disclosure Doctrine*, 10 LOY. CONSUMER L. REV. 145, 160–61 (1998) (discussing the effects of the inevitable disclosure doctrine on the traditional employer–employee relationship); Rowe, *supra* note 56, at 183 ("The inevitable disclosure doctrine . . . has the potential to upset the balance that courts have traditionally tried to achieve in employment cases . . . at its core, it appears to go against a fundamental tenet of employment law: the at-will doctrine.").

employment by contract.[59] NCAs partially modify the employment relationship by agreement between the two parties, employee and employer. Injunctions under the inevitable disclosure doctrine modify the rights of the parties in an employment relationship without a contract and after the relationship has already terminated—restricting the employee's economic ability to exercise her will and receive consideration for her detriment.

The public has a strong interest in competition among businesses. Courts must be careful not to overly restrict *unfair* competition such that they curtail fair competition in the process. When businesses compete, the public gains more choices, lower prices, and new products. When a court enjoins a competing business from hiring the most qualified labor, it diminishes competition. If courts do this routinely, overall competition reduces to the detriment of the public interest.

Finally, courts should consider how their decisions would inform employers and employees. Employers and employees should be able to make informed decisions when creating employment relationships.[60] Without inevitable disclosure as a possible claim, employers must balance the advantages and disadvantages of asking employees to sign an NCA. With the inevitable disclosure as a possible claim, employers will be less likely to go through the trouble of bargaining for an NCA. The employer could avoid having to give any additional compensation for the restriction, but still restrict an employee if she tries to leave.[61] Therefore, employers may avoid the difficulty of getting an NCA signed. An employer may be anxious to recruit the best candidates available, and sophisticated, high-level employees are less likely to sign an NCA without receiving additional compensation. Furthermore, NCAs could be detrimental to employee morale, and employers will have less incentive to work on employee retention strategies if employers can threaten lawsuits against employees thinking of leaving the company.[62] Inevitable disclosure doc-

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[59] As Judge Learned Hand stated, "it 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*." Harley & Lund Corp. v. Murray Rubber Co., 31 F.2d 932, 934 (2d Cir. 1929) (emphasis added).

[60] "This inconsistency [in the inevitable disclosure doctrine] is unacceptable and costly because it makes employers and employees uncertain about their trade secret rights and responsibilities." Suellen Lowry, Note, *Inevitable Disclosure Trade Secret Disputes: Dissolutions of Concurrent Property Interests*, 40 STAN. L. REV. 519, 528 (1988). "Thus, unclear standards create unnecessary litigation and business inefficiency. They also are unfair to employees because uncertainty about the law decreases employees' job mobility even before suits are brought." *Id.* at 531.

[61] Mahady, *supra* note 43, at 711 ("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.").

[62] In other words, why should employers offer a carrot to employees if the law gives them such a big stick? Consider that NCAs are already being used in this way.

trine could tip the scales against employees in the balance of bargaining power already imbalanced against them.

On the other hand, requiring an NCA will result in better protection for both employer and employee. NCAs give employers considerably broader protection from unfair competition, and enforcing an NCA, while it can be uncertain at times, is substantially easier than proving misappropriation in most circumstances.[63] Employees get advanced notice of possible restrictions and a chance to negotiate for their value. The very purpose of NCAs is to protect the employer when an employee leaves. Courts should not have to invent a new method for businesses that failed to do what would be otherwise necessary to claim that protection—in most jurisdictions, employers can use NCAs to protect their interests.[64]

Despite all the serious policies involved, courts have spent less than a paragraph discussing their decision to use or not use the inevitable disclosure doctrine.[65] Of course, the level of analysis required in truly considering all the policy concerns and precedent intertwined with the inevitable disclosure doctrine is substantial. Courts may not have the resources or the time to consider properly the implications of adopting the inevitable disclosure doctrine. Legislatures are much more equipped to make these types of decisions, but in the absence of legislative guidance, or legal precedent—What is a court to do?

Norman D. Bishara & Michelle Westermann-Behaylo, *The Law and Ethics of Restrictions on an Employee's Post-Employment Mobility*, 49 AM. BUS. L.J. 1, 57 (2012) ("[T]he employer can use the mere threat of litigation over a noncompete to chill the employee's desire to move to a competitor or to start a competing enterprise.").

[63] *See* Adam Gill, *The Inevitable Disclosure Doctrine: Inequitable Results Are Threatened but Not Inevitable*, 24 HASTINGS COMM. & ENT. L.J. 403, 405 (2002) ("[D]irect evidence of misappropriation is rare . . . .").

[64] *See* Am. Airlines, Inc. v. Imhof, 620 F. Supp. 2d 574, 587 (S.D.N.Y. 2009) (rejecting an inevitable disclosure claim and stating: "If American were as deeply concerned about the risk of Mr. Imhof going to work for a competitor as it now professes, it had the means to prevent it.").

[65] For example, the Supreme Court of Arkansas supported its decision to adopt the inevitable disclosure doctrine with one paragraph, and the argument comes down to this one sentence of reasoning: "A number of federal cases dealing with trade secrets have held that a plaintiff may prove a claim of trade-secret misappropriation by demonstrating that a defendant's new employment will inevitably lead him to rely on the plaintiff's trade secrets." Cardinal Freight Carriers, Inc. v. J.B. Hunt Transp. Servs., Inc., 987 S.W.2d 642, 646 (Ark. 1999). The Court discusses *PepsiCo v. Redmond* (a Seventh Circuit case interpreting Illinois law) in depth, but only to analogize the facts with the instant case. *Id.* at 645. It considered the standards on which inevitable disclosure should be determined, but not whether the doctrine itself was the proper interpretation of Arkansas law. Other courts skip ahead to the factual analysis of whether the disclosure is or is not inevitable without spending time on the broader question plaguing the state and the nation. *See, e.g.*, Actuator Specialties, Inc. v. Chinavare, No. 297915, 2011 WL 6004068, *1–5 (Mich. Ct. App. Dec. 1, 2011).

C. Using State Noncompetition Laws

Even though most jurisdictions have few resources to help courts make decisions regarding the inevitable disclosure doctrine, each jurisdiction does have one substantial resource—state courts and legislators have already made the same policy-balancing decisions involved in inevitable disclosure cases when shaping the state's noncompetition laws. The effects of enforcing NCAs and issuing injunctions under the inevitable disclosure doctrine are substantially the same, and courts should consider inevitable disclosure in light of their jurisdiction's noncompetition law.

Injunctions preventing a worker from working at a business of her choosing operate the same way whether based in trade secret or an NCA. In both instances, an employee has left her employer and is restricted from working for certain entities for a specified time. Both are a type of restraint of trade. However, while some differences do exist, none contradict the usefulness of analogizing noncompete law and the inevitable disclosure doctrine. NCAs often restrict employees from working with several businesses within a specified geographic limit or specific industry,[66] while inevitable disclosure injunctions usually only restrict the employee from working with one particular competitor, often being sued as a co-defendant.[67] However, despite the difference in theoretical scope, both often have the same result. Inevitable disclosure cases often involve specialized fields.[68] There may not be more than one true competitor in the entire country. Another theoretical difference is that inevitable disclosure injunctions could potentially last forever or as long as the trade secret exits.[69] But courts often do set limits on the length of time an injunction is enforced in the inevitable disclosure context.[70] Those courts' actions are similar to courts reforming overly broad NCAs by changing the restricted time to a more reasonable one. In effect, the court would be performing the same function of determining the reasonableness of enjoining an employee.

A court's decision to enjoin a worker affects the same public policies under an NCA or a trade secret claim. Both involve a balance of the employer's, employee's, and the public's interests. The employer's interests are the same—to protect its investments, whether that is customer lists,

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[66] *See* Griffin Toronjo Pivateau, *Putting the Blue Pencil Down: An Argument for Specificity in Noncompete Agreements*, 86 Neb. L. Rev. 672, 675–76 (2008).

[67] *E.g.*, PepsiCo, Inc. v. Redmond, 54 F.3d 1262, 1264–65 (7th Cir. 1995).

[68] *E.g.*, Del Monte Fresh Produce Co. v. Dole Food Co., 148 F. Supp. 2d 1326, 1339 (S.D. Fla. 2001) (declining to enjoin a senior scientist working on the new MD-2 breed of pineapple at Del Monte from taking a similar position at Dole).

[69] *See* UTSA § 2, 14 U.L.A. 619, 619 (2005).

[70] *E.g.*, *PepsiCo*, 54 F.3d at 1263, 1267 (affirming an injunction restricting a departing employee from taking a new job at a competitor for six months); *Cardinal Freight Carriers, Inc.*, 987 S.W.2d at 643, 647 (affirming an injunction restricting former employees from conducting business with a specified customer list for one year); *Actuator Specialties, Inc.*, 2011 WL 6004068 at *1, *5 (limiting an injunction to a maximum of three years).

confidential business information, specialized training, specialized knowledge, or trade secrets. The employee's interests are the same—to be free to work wherever she chooses and to make advantageous economic choices of how to support herself and her family. The public's interests are the same—to benefit from honest competition, the freedom of contract, and the enforcement of property-like rights.

Because of the fundamental similarities, courts should consider any noncompete precedent and legislation available when considering an inevitable disclosure case. Courts and legislatures have been considering the balance of the same interests for decades and, in some jurisdictions, centuries.[71] Courts should treat the principles found in the precedent and statutes involving noncompete law as illustrating the maximum tolerance for restrictions of trade. Therefore, a court should not allow an inevitable disclosure injunction more restrictive than what the law allows with an NCA in that jurisdiction. Because inevitable disclosure injunctions are not negotiated ahead of time and assented to by both parties, the possible restrictions should be even more limited than in NCAs.[72] Courts should not allow an employer more rights than it could have bargained for, when it failed to do so, and should likely be afforded fewer rights in light of this failure. So when faced with the inevitable disclosure question, in the absence of precedent on point, a court should start its analysis with noncompetition law.

First, a court should look to any statutes for evidence of legislative intent related to the public policies involved in restricting employment. As discussed in Part III.B of this Note, the legislature is more equipped to make decisions involving public policy. Legislatures are the direct representatives of the people, elected to make important decisions about the policies of their state. When creating any legislation relating to restrictions on trade or competition, the legislature already considered the balancing of the multiple interests involved in restricting employee mobility. Courts faced with the same issues in an inevitable disclosure case can look towards these legislative actions as evidence of the general legislative policies of their state.[73] Additionally, any specific restrictions or allowances in an NCA statute could further inform the court as to the legislature's approach to restrictions in trade, but also could give the court guidance when creating inevitable disclosure injunctions if the court does adopt the doctrine. For example, Delaware has no general statute related to NCAs, but does have a law making NCAs unenforceable against

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[71] *See supra* note 3 and accompanying text.

[72] *See* Bayer Corp. v. Roche Molecular Sys., Inc., 72 F. Supp. 2d 1111, 1120 (N.D. Cal. 1999) (finding that an injunction under the inevitable disclosure doctrine creates a "de-facto covenant not to compete").

[73] *See* Whyte v. Schlage Lock Co., 125 Cal. Rptr. 2d 277, 292–94 (Cal. Ct. App. 2002) (holding that because California statute voids any restriction of trade, the inevitable disclosure doctrine cannot be used in California).

physicians.[74] Delaware also generally recognizes inevitable disclosure as a viable claim against departing employees without an NCA.[75] If a case came before a Delaware court where the plaintiff is claiming inevitable disclosure against a physician, Delaware should refuse to enjoin the physician from competing based on the policy expressed by the legislature of that state, no matter how well the facts show disclosure of trade secrets may be inevitable. The Delaware legislature has determined that the public's right to choose their doctor outweighs the interest of a former employer of that doctor. A court should not provide employers an opportunity to skirt the duly enacted provision.

Then, a court should consider any noncompete precedent in its jurisdiction, and how previous courts have circumscribed or broadened the enforceability of NCAs. If previous courts have considered the issues involved in restrictions of trade, any guidelines the courts have given could guide a court's inevitable disclosure decision. Courts should pay particular attention to any controlling authority regarding NCAs when considering the inevitable disclosure doctrine. Any statements made in precedential cases regarding the correct balance between the business, the employee, and the public should be respected as such when determining the applicability of the inevitable disclosure doctrine. Additionally, any specific mandates should be treated as a corresponding minimum or maximum for injunctions if adopting the inevitable disclosure doctrine. For example, assume a court has previously held that a three-year restriction on competition is unreasonable as a matter of law. That precedent would then set the outer limit for the duration of a competition restriction to three years, so no court subject to the precedent should enjoin a worker for more than three years from competing even under a trade secret claim.[76] However, because inevitable disclosure cases usually include a lack of notice or consideration for the employee, what was reasonable in an NCA case may be unreasonable in the context of a misappropriation injunction.

One major requirement of an enforceable NCA in common law is consideration, and it is a good example of how court rulings on NCAs could help inform a court deciding whether to adopt the inevitable disclosure doctrine. Different jurisdictions have different standards for what constitutes sufficient consideration in agreements not to compete.[77] Since a claim of inevitable disclosure is not a contract claim, the idea of consideration has no place in the factual analysis. However, the principles still

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[74] DEL. CODE ANN. tit. 6, § 2707 (2012).

[75] *See* W.L. Gore & Assocs., Inc. v. Wu, No. Civ.A. 263-N, 2006 WL 2692584, at *17 (Del. Ch. Sept. 15, 2006) ("A court may limit a defendant from working in a particular field if his doing so poses a substantial risk of the inevitable disclosure of trade secrets.").

[76] The same may be true for the opposite situation. If a court has determined that a six-month restriction is reasonable as a matter of law, a court has more support to enjoin a defendant–employee for the same length in a trade secret context.

[77] For a survey of state standards, see MALSBERGER, *supra* note 9.

could be useful to courts making the decision whether to adopt the inevitable disclosure doctrine, discussed more below, or as a factor regarding the reasonableness of a specific injunction. For example, if a state had very strict consideration requirements (e.g. the state required additional consideration beyond employment), a court could interpret the consideration requirement as a sign that the inevitable disclosure doctrine should not be adopted, because an injunction would create an implied NCA without any consideration or that any injunction should be circumscribed to reflect that lack of weight in the employee's interest. Conversely, if a state had a minimal consideration requirement (e.g. continued employment constituted consideration), the court should be more willing to imply a later restriction on competition, because the employer could have required one at any time before the employee left.

Taking into account the state policies represented in the state statutes and court decisions, courts should make a decision on the applicability of the inevitable disclosure doctrine that allocates the risk of error to the appropriate party. Adopting the inevitable disclosure doctrine will likely give over-broad protections to trade-secret holders in some situations. Rejecting the inevitable disclosure doctrine will likely give under-broad protections to trade secret holders in other situations. Courts will need to decide which would be the greater harm and which error they would rather make: to enjoin a worker unnecessarily or to fail to protect trade secrets that needed protection. A court should also keep in mind the consequences of each mistake in judgment. A worker enjoined from taking the job after already leaving her current employer will be in the unfortunate position of being unemployed with no current prospects.[78] The resulting period of wage loss would be particularly troubling if the worker was innocent of any wrongdoing. On the other hand, an employer whose former employee discloses trade secrets to a competitor may be forced to compete in the public market with a business that did not incur the same substantial development costs, and the employer would be significantly disadvantaged.[79] A business could still sue for actual misappropriation, but once leaked, secrets are hard to contain. Looking at the state laws regarding NCAs, courts should look for any presumptions towards validity or invalidity for NCAs, because the state may have already allocated the risk towards the employee or employer. A court should then mirror any such allocation of risk in its inevitable disclosure decisions. Once a court decides what mistake it would rather make, the court

[78] *See* Stephen L. Sheinfeld & Jennifer M. Chow, *Protecting Employer Secrets and the "Doctrine of Inevitable Disclosure"*, *in* Wrongful Termination Claims 367, 425 (Maureen E. McClain & Gary Trachten, Co-Chairs, 1999) ("The wedge placed between the defector and his or her new employer provides a tactical advantage in settlement discussions or litigation.").

[79] *See* Lowry, *supra* note 60, at 525 ("[A]n employer who invests significant effort in the development of valuable trade secrets may incur serious losses if this confidential information is divulged to competitors by departing employees.").

should make a clear doctrinal decision to guide future judges, lawyers, businesses, and employees.

D. Options Available

Although the law would be easier to predict if it were black and white, having a little gray area gives courts the flexibility they need to deliver equitable outcomes. The following represent four major answers courts have given when facing the question of the viability of the inevitable disclosure doctrine.[80] Each has advantages and disadvantages. Courts should utilize the jurisdiction's treatment of NCAs to pick an appropriate route.

1. Rejecting the Inevitable Disclosure Doctrine

A court can reject the inevitable disclosure doctrine entirely and only enjoin express threats to misappropriate under Section 2 of the UTSA. Rejecting the inevitable disclosure doctrine allocates the risk to businesses. This makes sense for jurisdictions that are concerned with the uneven bargaining power between employers and employees. If a jurisdiction generally finds NCAs void, a court should reject the inevitable disclosure doctrine, because the inevitable disclosure doctrine allows a restriction of trade equivalent to most NCAs, but with an even larger imbalance of power.

Courts may want to consider what alternative means are available for businesses to protect their trade secrets. The more ways businesses already have ways to protect their investments, the less reason there is for a court to allow relief through inevitable disclosure. For example, many states have allowed alternative agreements such as forfeiture agreements[81] or garden-leave agreements.[82] Some businesses have even started making

[80] *See* Mahady, *supra* note 43, at 708–09 ("Jurisdictions adopting the inevitable disclosure doctrine have done so in a variety of ways. 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 faith." (footnote omitted)).

[81] Forfeiture agreements do not restrict employees from lawfully competing, instead the departing employee agrees to forfeit some non-salary compensation if he chooses to compete. *See* 1A ROGER M. MILGRIM & ERIC E. BENSON, MILGRIM ON TRADE SECRETS § 6.01[3][e][ii] (2013).

[82] Garden-leave agreements restrict departing employees from competing for a defined length of time, but also pay the employee a salary to make up for the inability to work. Greg T. Lembrich, Note, *Garden Leave: A Possible Solution to the Uncertain Enforceability of Restrictive Employment Covenants*, 102 COLUM. L. REV. 2291, 2292 (2002) ("[E]mployers in England have developed a variation on restrictive covenants called 'garden leave' that has proven to be an effective solution to the quandary of uncertain enforcement." American employers, having witnessed the success of garden leave "across the Atlantic . . . have begun putting garden leave clauses into the contracts of their own key employees . . . .").

no-hire pacts in which they agree not to recruit each other's employees.[83] If the state's trade secret laws otherwise protect businesses in many ways, the inevitable disclosure doctrine may not be needed as much. For example, businesses could still sue for misappropriation if they had actual evidence of misappropriation. Moreover, the availability of NCAs may, in and of itself, make the need to protect businesses with the inevitable disclosure doctrine unnecessary.

2. Crafting an Alternative Equitable Solution

Because enjoining a departing employee under inevitable disclosure is similar to giving an employer a benefit it did not bargain for, courts could use their equitable powers to construct an equitable remedy for both parties. When courts do enjoin workers to protect against the inevitable disclosure of trade secrets, most claim to be using their equitable powers to order the injunction.[84] Courts should consider using those same equitable powers to avoid the unjust enrichment this gives the employer. The employer gets the benefit of an NCA without having to provide consideration, a concern in many jurisdictions under the laws applying to NCAs.[85] When creating an implied NCA, a court may also imply an equitable garden-leave provision,[86] meaning the employer pays the departing employee all or a portion of her salary while subject to the restriction, or some other financial consideration.[87] Many inevitable disclo-

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[83] However, the legality of these pacts is unclear. Abigail Shechtman Nicandri, Comment, *The Growing Disfavor of Non-Compete Agreements in the New Economy and Alternative Approaches for Protecting Employers' Proprietary Information and Trade Secrets*, 13 U. PA. J. BUS. L. 1003, 1029 (2011) ("[W]hether such agreements are enforceable remains an open question and appears to vary based on the industry, the terms of the agreement, and the application of anti-trust laws."). For example, the U.S. Department of Justice settled an antitrust lawsuit it brought against tech companies like Google and Apple; the settlement prevents the technology companies from entering into non-solicitation pacts with other companies. *See Justice Department Requires Six High Tech Companies to Stop Entering into Anticompetitive Employee Solicitation Agreements*, U.S. DEP'T OF JUSTICE, JUSTICE NEWS (Sept. 24, 2010), http://www.justice.gov/opa/pr/2010/September/10-at-1076.html.

[84] *E.g.*, Bimbo Bakeries USA, Inc. v. Botticella, 613 F.3d 102, 112 (3d Cir. 2010) ("An injunction against employment therefore is simply one weapon in an equity court's arsenal to prevent the threatened misappropriation of trade secrets . . . ."); B.F. Goodrich Co. v. Wohlgemuth, 192 N.E.2d 99, 105 (Ohio Ct. App. 1963) ("[P]ublic policy demands commercial morality, and courts of equity are empowered to enforce it . . . .").

[85] *E.g.*, Kenneth R. Swift, *Void Agreements, Knocked-Out Terms, and Blue Pencils: Judicial and Legislative Handling of Unreasonable Terms in Noncompete Agreements*, 24 HOFSTRA LAB. & EMP. L.J. 223, 226–27 & nn.10–13 (2007).

[86] *See* Lembrich, *supra* note 82, at 2312, 2320.

[87] *See* Lowry, *supra* note 60, at 532 ("If employees were fully compensated in these contracts for the potential loss in employment mobility that occurs when they learn trade secrets, courts would resolve inevitable disclosure cases more easily, and trade secret decisions would be more equitable. Nevertheless, employees are seldom fully compensated for their decreased mobility or their exposure to potential trade secret lawsuits.").

sure cases do not include any evidence of wrongdoing by the departing employee.[88] So although a business's trade secrets deserve protection, it should not be at the expense of the departing employee stuck between two fighting competitors.

3. Restrict Use to "Inevitable Plus" Cases

Even among states that have clearly accepted the inevitable disclosure doctrine, a disagreement exists regarding what a plaintiff needs to show in order to get the requested injunctive relief. Some states only require evidence that (1) the departing employee had access to trade secrets; and (2) that the employee's new position at a competitor is so similar as to make it nearly impossible for the employee not to use the trade secrets. But some jurisdictions include a third requirement that the departing employee show some kind of misconduct related to the trade secrets at issue.[89] Some refer to this additional requirement as "inevitability plus," meaning the disclosure must be inevitable and a reason exists to mistrust the departing employee's commitment to keeping the trade secrets secret.[90] For example, if a plaintiff can show that a departing employee copied sensitive files on her last day of work, a court would consider that action sufficient to show the additional conduct, or the "plus," required to warrant an injunction.[91] Enjoining an employee that meets the inevitable-plus standard is more equitable than enjoining an employee without wrongdoing, because the former affirmatively acts in ways that create an inference of a threat of misappropriation and is not merely an innocent bystander. Courts have used this type of standard as an appropriate balance of interests between employers and employees.

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[88] William Lynch Schaller, *Trade Secret Inevitable Disclosure: Substantive, Procedural & Practical Implications of an Evolving Doctrine (Part I)*, 86 J. PAT. & TRADEMARK OFF. SOC'Y 336, 336–37 (2004).

[89] *Compare* Air Prods. & Chems., Inc. v. Johnson, 442 A.2d 1114, 1117–22 (Pa. Super. Ct. 1982) (enjoining an employee based solely on the existence of trade secrets in the employee's memory and the similarities of the former and new positions) *with* CMI Int'l, Inc. v. Intermet Int'l Corp., 649 N.W.2d 808, 813 (Mich. Ct. App. 2002) (noting that a court needs more evidence than an employee's knowledge and similar employment and describing other inevitable disclosure doctrine cases that have required a showing of improper or suspicious acts by the departing employee).

[90] *See* Rowe, *supra* note 56, at 181–82 (discussing the "inevitability-plus" requirement described in Del Monte Fresh Produce Co. v. Dole Food Co., 148 F. Supp. 2d 1326 (S.D. Fl. 2001)).

[91] Bimbo Bakeries USA, Inc. v. Botticella, 613 F.3d 102, 107–08, 118 (3d Cir. 2010). In *Bimbo*, the plaintiff showed through forensics that the employee-defendant had copied several files from his computer on his last day of employment. *Id.* at 107. The court did not find the employee's explanation that "he had done so only to practice his computer skills in preparation for his new position" to be credible. *Id.* at 108.

4. Adopt the Inevitable Disclosure Doctrine

Many courts allow employer-plaintiffs to sue departing employees and competing businesses by showing a strong probability that the employer's trade secrets will be disclosed inadvertently. Although allowing injunctions under this doctrine can have harsh results, the jurisdiction will be better off by a court outright adopting the doctrine than by avoiding a decision. If a state intends to use the inevitable disclosure doctrine, it should clearly state it. Only that way can the potential enjoined employee have a chance of having notice of the possible restriction before taking a job that involves a significant amount of trade secrets. NCAs usually provide that notice, but the inevitable disclosure doctrine claims are made after the fact. Under the inevitable disclosure doctrine, the employee has no control of when or how she will be restricted. However, once the adoption of the doctrine is clear, an employee may consider that risk before taking sensitive positions, even if such forethought is unlikely.

Courts need to consider carefully the effects of adopting the doctrine beyond the case at issue. Courts must be careful not to let the bad facts of one case become bad law for the next case and consider carefully the strength of the weapon courts give to employers when accepting the inevitable disclosure doctrine as law. Even if judges are careful to narrowly proscribe when inevitable disclosure can be successfully claimed, the threat of a lawsuit will have a chilling effect on the freedom of the employee and on competition favorable to the public interest.[92]

IV. STATE SPECIFIC EXAMPLES

A state considering the inevitable disclosure doctrine for the first time should follow a two-step process. First, analyze state policy on restrictions on competition as evidenced by statutes and prior opinions, as described in Part III.C. Second, consider what determination properly reflects the laws and policies of the state in the majority of potential cases, considering the four major options described in Part III.D. Below are some examples of how a state's decision regarding the inevitable disclosure doctrine should be made. These states all have yet to consider the inevitable disclosure doctrine.

A. Oregon

Oregon should not adopt the inevitable disclosure doctrine. The Oregon legislature has spoken prolifically on the topic of restrictions on competition. And Oregon courts have always considered contracts in restraint of trade carefully and with an emphasis on consideration and em-

[92] *See* Jay L. Koh, *From Hoops to Hard Drives: An Accession Law Approach to the Inevitable Misappropriation of Trade Secrets*, 48 AM. U. L. REV. 271, 285 (1998); Swift, *supra* note 85, at 255.

ployee notice. At most, Oregon courts could allow alternative equitable solutions, including payments to the employee while she is restricted.

In 2007, the Oregon legislature enacted one of the most detailed noncompetition statutes of any state to legislatively regulate NCAs.[93] Oregon courts can see that the legislature has considered NCAs in Oregon very carefully, and courts should be wary of creating ways around the laws that the people's representatives created. The law specifically describes a two-week, required notice that employees must get before starting work under an NCA or the NCA must be connected to a bona fide advancement, as well as the type and salary of the employees that can be restricted, the maximum length of restriction, and mandating garden leave in some situations.[94] The statute has clear requirements for notice and significant consideration, the two components of NCAs that are totally absent in inevitable disclosure cases. If Oregon adopted the inevitable disclosure doctrine, Oregon employees could be subject to the equivalent of

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[93] Act of Aug. 6, 2007, ch. 902, 2007 Or. Laws 2765.

[94] OR. REV. STAT. § 653.295 (2011) provides:

(1) A noncompetition agreement entered into between an employer and employee is voidable and may not be enforced by a court of this state unless:

(a)(A) The employer informs the employee in a written employment offer received by the employee at least two weeks before the first day of the employee's employment that a noncompetition agreement is required as a condition of employment; or

(B) The noncompetition agreement is entered into upon a subsequent bona fide advancement of the employee by the employer;

(b) The employee is [excluded by law from Oregon Minimum Wage requirements];

(c) The employer has a protectable interest.

. . . .

(d) The total amount of the employee's annual gross salary and commissions, calculated on an annual basis, at the time of the employee's termination exceeds the median family income for a four-person family, as determined by the United States Census Bureau for the most recent year available at the time of the employee's termination.

. . . .

(2) The term of a noncompetition agreement may not exceed two years from the date of the employee's termination. The remainder of a term of a noncompetition agreement in excess of two years is voidable and may not be enforced by a court of this state.

. . . .

(6) Notwithstanding subsection (1)(b) and (d) of this section, a noncompetition agreement is enforceable for the full term of the agreement, for up to two years, if the employer provides the employee, for the time the employee is restricted from working, the greater of:

(a) Compensation equal to at least 50 percent of the employee's annual gross base salary and commissions at the time of the employee's termination; or

(b) Fifty percent of the median family income for a four-person family, as determined by the United States Census Bureau for the most recent year available at the time of the employee's termination.

an NCA without any notice of the restriction or consideration in exchange. This result would be directly counter to the legislature's intent.

Oregon's NCA case precedent echoes similar concerns. Oregon courts list consideration as one of three requirements to a valid restraint of trade.[95] Oregon did not allow mere continued employment to constitute consideration.[96] This shows the importance of protecting employees from an employer's ability to require an NCA at any time. Before the legislature said anything, Oregon already required notice of an NCA at the start of employment or additional consideration if made later. These principles are incompatible with the inevitable disclosure doctrine, which lacks both notice and consideration. An inevitable disclosure injunction has an after-the-fact nature and confers a detriment on the employee for no benefit.

Oregon has shown a clear concern for the rights of its employees and any decision regarding the inevitable disclosure doctrine must keep this in mind. The risk should be allocated to the employers in Oregon. While the former employee is restricted, the Oregon statute specifically requires employees below a certain pay grade or title to be paid 50% of their regular salary or 50% of the median household income for a family of four, whichever is greater.[97]

Additionally, Oregon allows many ways for employers to protect their interests. The statute makes creating an enforceable NCA easier to do because it gives very specific guidelines. The statute specifically allows for forfeiture agreements and non-solicitation agreements.[98] The law also specifically affirms the continued rights under the state's trade secret laws for claims of misappropriation.[99]

If Oregon courts feel the need to adopt the inevitable disclosure doctrine, they should strive to honor the policies and procedures provided by the legislature in the NCA statute. For example, the law states that

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[95] *See* Eldridge v. Johnston, 245 P.2d 239, 250 (Or. 1952) ("Three things are essential to the validity of a contract in restraint of trade: (1) it must be partial or restricted in its operation in respect either to time or place; (2) *it must be on some good consideration*; and (3) it must be reasonable, that is, it should afford only a fair protection to the interests of the party in whose favor it is made, and must not be so large in its operation as to interfere with the interests of the public." (emphasis added)).

[96] McCombs v. McClelland, 354 P.2d 311, 315 (Or. 1960) ("We hold that where one already employed is induced to enter into a subsequent agreement containing a restrictive covenant as to other employment, such agreement to be enforceable must be supported by a promise of continued employment, express or implied, or some other good consideration."). Having a written noncompetition agreement "has the added advantage of expressly putting the employee on notice about what is being protected by the employer and what is expected of the employee." Jere M. Webb et al., *The Departing Employee—Competitive Restrictions*, *in* 4 ADVISING OREGON BUSINESSES § 66.23 (James M. Kennedy et al. eds., 2003).

[97] OR. REV. STAT. § 653.295(6).

[98] § 653.295(4).

[99] § 653.295(5).

only certain classifications of employees can be subject to an NCA.[100] Therefore, a court should not allow an injunction of an employee that would not qualify under the statute's employee classification requirement. And if it did, the court should use its power of equity to require at least partial payments, similar to what is required by the statute, to compensate for the lack of consideration.

The overpowering voice of the Oregon legislature in the area of NCAs makes it inappropriate for the Oregon court system to reconsider the policies involved and create a bypass for Oregon employers to restrict their employees when they could have just as easily followed the statute as written.

B. Mississippi

Mississippi could adopt the inevitable disclosure doctrine without significantly upsetting the current balance of interests that exist in its restriction-on-competition jurisprudence. In general, Mississippi liberally enforces NCAs with few limitations. Mississippi could adopt the inevitable disclosure doctrine with a few restrictions to keep the doctrine in line with the state's existing policies.

Mississippi does not have a statute that regulates NCAs. Nor does it have a statute related to restrictions on any particular trade. Mississippi has adopted the UTSA, including the provision allowing courts to enjoin actual or threatened misappropriation.[101] The Mississippi legislature has shown a concern for the protection of trade secrets, but is silent regarding the restriction of trade. A Mississippi court will therefore get little guidance from the legislature regarding the policies involved in an inevitable disclosure doctrine case. Instead, it will have to rely on its precedent in NCA cases.

Mississippi cases articulate three factors that courts should use when determining the enforceability of an NCA. They are: "(1) the rights of the employer, (2) the rights of the employee, and (3) the rights of the public."[102] The rights of the employer and the public are generally narrowly construed, while the rights of the employer tend to be broadly construed.

While balancing the interests of the employer, the employee, and the public, courts require a significant hardship to either the employee or the public to outweigh any legitimate business interest. For example, the Mississippi Court of Appeals found no hardship for the involved employees, because both "lacked diligence" in trying to obtain new employment outside the industry in question.[103] The court added that one of the employees showed no hardship because the employee was drawing social security

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[100] § 653.295(1)(b).

[101] MISS. CODE ANN. § 75-26-5 (2012).

[102] Redd Pest Control Co. v. Foster, 761 So. 2d 967, 973 (Miss. Ct. App. 2000).

[103] *Id.* at 973–74.

and had a 401K.[104] The court also explained that the public interest "will not be viewed to have been harmed by a covenant not to compete when ample services are available and a monopoly is not created."[105]

An NCA may be enforced as long as it is "necessary for the protection of [the employer's] business and goodwill."[106] Courts' NCA determinations consider factors such as the business's time and expense of training the employee.[107] Because of the way courts view the relative interests, if the employee can find a job, even in another field, and competition still generally exists in some form, almost any interest of the employer would likely be sufficient to uphold an NCA. A court could infer from the precedent that Mississippi policy favors business interests more than employees' or the public's interests. Also, Mississippi is unlikely to find an NCA void due to lack of consideration or notice, which are the main concerns for allowing after-the-fact restrictions in inevitable disclosure cases.[108] Therefore, the inevitable disclosure doctrine fits within Mississippi's laws and principles more readily than other states.

Mississippi courts have articulated some concerns that future courts should consider when evaluating the inevitable disclosure doctrine. The state's primary concern regarding NCAs in respect to employee interests is the inequitable result of an involuntarily terminated employee still subject to an NCA. Mississippi courts have expressed some doubt as to the enforceability of NCAs when the employer terminates the employee.[109] For instance, if the court finds that an employee was fired for arbitrary or capricious reasons or in bad faith, the court will not enforce an NCA.[110] Using the NCA case law as a guide, Mississippi should consider limiting any application of the inevitable disclosure doctrine to situations where the employee voluntarily terminates, because the case law evidences a state policy of not allowing an employer to both force an employee to leave its employ and stop that employee from seeking employment elsewhere.

Mississippi should consider adopting an "inevitable-plus" standard[111] if it accepts the inevitable disclosure doctrine as viable under its trade secret laws. Mississippi's focus when evaluating NCAs is the balance of interests. Requiring additional conduct by the departing employee would help offset any unfairness for lack of notice or for unilateral actions. Mis-

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[104] *Id.*

[105] *Id.* at 973.

[106] Tex. Rd. Boring Co. of La.-Miss. v. Parker, 194 So. 2d 885, 888 (Miss. 1967).

[107] *See, e.g.*, Taylor v. Cordis Corp., 634 F. Supp. 1242, 1248 (S.D. Miss. 1986).

[108] Continued employment is sufficient consideration in Mississippi, and employees who have tried to avoid the restrictions by claiming they were unaware of them have failed. Union Nat'l Life Ins. Co. v. Tillman, 143 F. Supp. 2d 638, 642–43 (N.D. Miss. 2000); Raines v. Bottrell Ins. Agency, Inc., 992 So. 2d 642, 646 (Miss. Ct. App. 2008).

[109] Frierson v. Sheppard Bldg. Supply Co., 154 So. 2d 151, 154 (Miss. 1963).

[110] Empiregas, Inc. of Kosciusko v. Bain, 599 So. 2d 971, 975 (Miss. 1992).

[111] *See supra* Part III.D.3.

sissippi, through its NCA precedent, has shown a preference for protecting businesses that will only be overcome by significant hardships to an employee or the public. Therefore, a Mississippi court could easily adopt the inevitable disclosure doctrine in the right circumstances.

C. North Dakota

North Dakota should not adopt the inevitable disclosure doctrine. NCAs have been illegal in North Dakota since before it became a state.[112] North Dakota has not significantly changed its policies on NCAs for over one hundred years. Furthermore, North Dakota has consistently resisted the introduction of most exceptions to the general rule.

North Dakota law prohibits most NCAs. The relevant statute states: "Every contract by which anyone is restrained from exercising a lawful profession, trade, or business of any kind is to that extent void . . . ."[113] The only exception is for an NCA in connection with the sale of a business or dissolution of a partnership.[114] Even in those situations, restrictions must have a limited geographic scope "within a specified county, city, or a part of either," but the statute is silent on any restrictions related to time.[115] This statute shows a clear policy preference for freedom of competition and employee mobility. California, which has rejected the inevitable disclosure doctrine, has a very similar statute.[116] But like California, "[t]he policy favoring employee mobility does not in itself, however, require rejection of the inevitable disclosure doctrine, for California law also protects trade secrets."[117] North Dakota should also consider how the courts have interpreted this statute as other situations have invoked different considerations.

The North Dakota courts have been extremely averse to interpreting the prohibition on restrictions on competition as allowing for any leeway. In 1997, the United States Court of Appeals for the Eighth Circuit interpreted North Dakota law as allowing for a partial restriction of trade in the form of a non-solicitation agreement.[118] Four years later, the Supreme Court of North Dakota made it clear that the statute contained no exceptions for provisions such as non-solicitation agreements, and the court will not infer one.[119] The Court went on to explain that the state legislature "has been asked several times to enact legislation recognizing the validity of provisions restricting the ability of a former employer to solicit a

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[112] Civil Code, ch. 1, §§ 833–35, 1865–1866 Dakota Terr. Laws 1, 148 (1866).
[113] N.D. CENT. CODE § 9-08-06 (2012).
[114] *Id.*
[115] *Id.*
[116] CAL. BUS. & PROF. CODE § 16600 (West 2012).
[117] Whyte v. Schlage Lock Co., 125 Cal. Rptr. 2d 277, 292 (Cal. Ct. App. 2002).
[118] Kovarik v. Am. Family Ins. Grp., 108 F.3d 962, 967 (8th Cir. 1997).
[119] Warner & Co. v. Solberg, 634 N.W.2d 65, 71–72 (N.D. 2001).

former employee's clients," but has declined to do so.[120] Similarly, the Supreme Court of North Dakota had previously held that the statute also bars forfeiture agreements.[121] The Court has closed every door that employers have tried to open.

Even with an NCA that might otherwise be enforceable, North Dakota courts often find it unenforceable. For example, courts have required a party trying to enforce a restriction within the exceptions listed in the statute to prove "a mutual intent to create a legal obligation,"[122] which would be missing from any application of the inevitable disclosure doctrine. Courts interpreting North Dakota law have also refused to enforce NCAs made by businesses in other states with employees in North Dakota, despite any choice-of-law provision.[123]

North Dakota still values the protection of trade secrets. North Dakota allows for injunctions for actual or threatened misappropriation, as it has adopted the UTSA.[124] But North Dakota courts have not had an opportunity to interpret the bounds of permissible injunctions. If a North Dakota court is presented with an inevitable disclosure doctrine case, it should consider all the precedent regarding NCAs. It should keep in mind its Supreme Court's constant refrain that it is not the purpose of the courts to "provide judicial exceptions in the face of the clear language of the statute."[125]

V. CONCLUSION

The current state of the inevitable disclosure doctrine is almost impossible to categorize. Courts have been using the doctrine in different situations, in different ways, and to different degrees. Even within a jurisdiction that has inevitable disclosure precedent, courts fail to make clear decisions regarding the doctrine, and some jurisdictions have to struggle with contradicting precedent. Applying facts to legal principles like the inevitable disclosure doctrine is already uncertain, but making the very existence of this cause of action unclear means it is almost impossible for employers and employees to make informed decisions when contracting. Courts that face true inevitable disclosure cases in the future need to seize the opportunity to guide future courts, the businesses, and the employees of the jurisdiction.

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[120] *Id.* at 71.

[121] Werlinger v. Mut. Serv. Cas. Ins. Co., 496 N.W.2d 26, 28–29 (N.D. 1993) ("[A] restraint of trade need not be absolute to be unlawful.").

[122] Lire, Inc. v. Bob's Pizza Inn Rests., Inc., 541 N.W.2d 432, 434 (N.D. 1995).

[123] *E.g.*, Forney Indus., Inc. v. Andre, 246 F. Supp. 333, 335 (D.N.D. 1965) (refusing to enforce a noncompete provision of an employment contract between a Colorado business and employees located in North Dakota despite the choice-of-law provision selecting Colorado law).

[124] N.D. CENT. CODE § 47-25.1-02 (1999).

[125] Warner & Co. v. Solberg, 634 N.W.2d 65, 71 (N.D. 2001).

The inevitable disclosure doctrine has evolved from trade secret law to imitate noncompetition law. The theory was born out of the need to keep departing employees from competing despite a lack of or failed NCA. Although the doctrine is being used as an after-the-fact NCA, the inevitable disclosure doctrine has been able to gain respect in many jurisdictions as a necessary trade secret protection. Businesses claim the need to protect their investments in research and development, and employees claim the need to have the freedom to practice their trade. Courts have been trying to balance these two needs, as well as the public interest, to come up with the answer to the inevitable disclosure question. But jurisdictions have been grappling with these concerns for a long time, and many jurisdictions have created clear guidelines on these issues in the context of NCAs. NCAs affect the interests of employers, employees, and the public the same as an injunction under the inevitable disclosure doctrine would. Courts should be using noncompetition law resources that its jurisdiction has at its disposal. Courts should be considering noncompete statutes that can show how the state legislature has chosen to balance the involved interests and developed noncompetition precedent. Courts need to make decisions now to inform their future.