



### Bloomberg Law

Saturday 2 am, 7 am, 12 pm, 5 pm, 10 pm ET

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Host June Grasso examines the major legal issues affecting business

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**June Grasso, Anchor:** You're listening to Bloomberg Law. I'm June Grasso at twenty minutes past the hour. The maker of Thomas' English muffins is trying to stop one of fewer than ten people who know how to make the muffins with those special nooks and crannies from sharing those secret recipes by going to work for a competitor. Bimbo Bakeries, the maker of Thomas' English muffins, Entenmanns's cakes, and other baked products, is suing a former vice president, Chris Botticella, because he might disclose trade secrets to his new employer, Hostess. My guest is **Anthony Oncidi, a partner at Proskauer Rose and chair of the labor and employment department in the Los Angeles office.** What's the bakery's legal argument?

**Anthony Oncidi, Proskauer Rose:** Their argument is that by virtue of Botticella's position, he has become intimately involved with and knowledgeable about all of their current, and existing, and future plans in terms of marketing, in terms of formulas: all of the things that put them at a competitive advantage when it comes to their dealing with other companies in the marketplace. The underlying theory of this case is that the competitor – in this case, Hostess – is going to get some kind of unfair advantage over them by virtue of their hiring a former high level executive from Bimbo Bakeries.

**June Grasso:** He signed a confidentiality agreement, so why don't they just take him at his word that he's going to keep it confidential?

**Anthony Oncidi:** It's because the threat of exposure of this information to an arch-competitor like Hostess is so great that they are trying to do whatever they possibly can do, as a prophylactic matter, to prevent this information from getting into the hands of a competitor. It's the classic un-rung bell situation. Once the information is known by the competitor, it will be virtually impossible to extricate that information back out of the competitor's organization, and it will be even more difficult for Thomas' to be able to prove that information that may have come through this hiring, in fact did come from that hiring, and wasn't obtained by a more legitimate means.

**June Grasso:** In the complaint it says that Botticella could produce an English muffin that might look a little bit different, but would nevertheless possess the distinctive taste, texture, and flavor that distinguishes the Thomas' English muffin. Does that mean that this man, who has twenty years experience in this business, basically can't go to work anywhere that uses his expertise?

**Anthony Oncidi:** Well, you've put your finger exactly on the other side of the coin, which is Mr. Botticella's position, which is that the information in the executive's head is there regardless of

where he or she may work, and some of the cases even say that you can't require an employee to wash clean his mind upon leaving a place of employment. They are inevitably going to have that information in their head when they go to work for another company. And if they are in fact precluded from working for anybody else in the industry, then you have an entire 20-year-plus career down the drain, because they won't be able to use the skills they've obtained, which are more generic, and may not be particularized to the former employer in the pursuit of their own trade or profession.

**June Grasso:** In your last answer, you mentioned the word "inevitably." Explain the theory of inevitable disclosure.

**Anthony Oncidi:** It's a very controversial legal doctrine that has been applied sporadically throughout the United States. In fact, it is the case that trade secrets law, which is what we're talking about here, does vary from state to state. There is something known as the Uniform Trade Secrets Act, which would suggest that there is some uniformity, but actually each state has adopted different versions of the Uniform Trade Secrets Act, and then the courts of each state have had the opportunity to interpret that statute in different ways. The Inevitable Disclosure Doctrine dates back to a case involving Pepsi and Coke, in which a high level marketing individual was going from one to the other, and the seventh circuit in this case, said that it was inevitable, given the duties and the information that this employee had, that he was going to disclose that information to the competitor once he took the new job. And the court, therefore, based upon that expectation that there would be a disclosure in the future of information that was learned in the past, issued an injunction, in effect sidelining that employee from working in a competitive capacity with his former employer. Now, other states, including California are extremely doubtful that this is a legitimate concept that should be applied in the law, and if it's taken to its fullest extent, what happens is it functions as a do-it-yourself non-compete, because in effect, when you're dealing, especially with a high level employee, the former company can always argue that the employee will inevitably disclose confidential proprietary information in the new job and therefore can almost always prevent the employee from competing.

**June Grasso:** What is going to happen in this case?

**Anthony Oncidi:** Because Botticella is, or at least at one point was, a California resident, what I would expect is Botticella's lawyer to file a parallel proceeding to the one that's currently ongoing in Pennsylvania in California, because the California courts are not at all likely to accept the inevitable disclosure formulation that is put forth in these papers.

**June Grasso:** That's Anthony Oncidi. For more information about where the courts stand on the controversial doctrine of the Inevitable Disclosure of Trade Secrets, go to [www.bloomberglaw.com](http://www.bloomberglaw.com) for exclusive legal articles.

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