Bimbo Bakeries Seeks Limits on Its Departing Muffin Man

By Tresa Baldas

National Law Journal
January 26, 2010

The secret recipe for Thomas' English muffins is putting to the test an unsettled legal doctrine: that you can sue someone out of fear that he might steal your trade secrets.

In a highly watched trade secrets case in Pennsylvania, Bimbo Bakeries USA is going after former executive Chris Botticella, a 20-year employee who allegedly told the company he was retiring when he was really taking a job with rival Hostess Brands Inc. According to court records, Botticella signed a confidentiality agreement last March after being promoted to manage a California facility that makes Thomas' English muffins. Bimbo Bakeries says he is one of fewer than 10 people in the world who know how to make the muffins with the special "nooks and crannies."

Now, Bimbo Bakeries is suing Botticella not because he has actually stolen any secrets, but because he might when he goes to work for its competitor. In its complaint, filed Jan. 15 in the U.S. District Court for the Eastern District of Pennsylvania, Bimbo Bakeries argues that Botticella "will inevitably disclose to Hostess" confidential information and trade secrets. Bimbo Bakeries is seeking to enjoin Botticella from using or disclosing any of its trade secrets or proprietary information to Hostess.

"What they're really saying in this lawsuit is, 'We shouldn't have to wait, judge, for him to give up the secret sauce of Thomas' English muffins," said Todd Sullivan of the Raleigh, N.C., office of Womble Carlyle Sandridge & Rice, who handles employee defection cases.

Will this legal theory work in the muffin case? "It is a common but disfavored tool because the courts have not accepted this doctrine," Sullivan said.

Anthony Oncidi, a partner in the Los Angeles office of Proskauer Rose who handles trade secrets disputes, agreed, noting that California courts in particular — which favor employee mobility — "absolutely prohibit" inevitable disclosure claims against

a departing employee. He cited a 2009 decision in which a California court not only rejected the inevitable disclosure doctrine, but upheld an award of more than $1.6 million in attorney fees in favor of the employees.

"California says, 'Come back if and when you have evidence that there has been an improper disclosure of trade secrets, and then we will issue an injunction or damages. But until and unless there is evidence that a disclosure has occurred, the mere threat of such a disclosure is not a basis for sidelining this guy from working," Oncidi said.

Having noted that, Oncidi said the Pennsylvania court could have a different take. And the filing of the suit itself tells him that "the inevitable disclosure doctrine is apparently alive and well in some jurisdictions."

Oncidi's recommendation — based on the fact that Botticella himself lives in California — is that Botticella's lawyer "file a parallel action in California declaring that he has a right to compete."

Botticella's lawyer, Elizabeth Ainslie of Philadelphia's Schnader Harrison Segal & Lewis, declined to comment. Michael Banks of Philadelphia's Morgan, Lewis & Bockius, who is representing Bimbo Bakeries, also declined to comment.

Botticella is currently under a temporary restraining order that prohibits him from taking his new job with Hostess pending a ruling on Bimbo's request for an injunction. A decision is expected by mid February.

According to court documents, Botticella announced his resignation from Bimbo Bakeries on Jan. 4. On Jan. 13, rumors started circulating at the company that he was taking a job with Hostess. After being confronted by his bosses, he admitted that he planned to start working for Hostess on Jan. 18.