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Eleventh Circuit Revives Trade Secret Misappropriation Claim in Long-Running Litigation

Proskauer on Trade Secrets on **April 11, 2025**

On April 4, 2025, the Eleventh Circuit reversed the U.S. District Court for the Northern District of Alabama's ruling dismissing Alabama Aircraft Industries' ("AAI") trade secret misappropriation claim against Boeing, thereby allowing AAI to pursue unjust enrichment damages in addition to amounts previously recovered on its breach of contract claim. *See Alabama Aircraft Industries Inc. v. The Boeing Co.,* No. 20-11141.

Background

In 2005, the parties entered a "teaming arrangement" to jointly pursue a maintenance contract with the U.S. Airforce. The agreement consisted of three contracts: a master agreement, a work share agreement, and a non-disclosure agreement. In 2011, AAI filed suit against Boeing alleging misappropriation of trade secrets and breach of contract with respect to the master agreement and non-disclosure agreement. In 2013, the Northern District of Alabama dismissed AAI's trade secrets claim as barred by the Alabama statute of limitations. But in 2020, AAI's two remaining claims for breach of contract proceeded to trial where a jury returned a verdict in favor of AAI and awarded AAI $2.1 million in damages.

In February 2022, the Eleventh Circuit reversed and remanded the dismissal of AAI's trade secrets claims, holding that the claim was not time-barred. On October 26, 2022, the district court dismissed AAI's trade secrets claim on the grounds that AAI had already recovered all the damages that were available on its breach of non-disclosure agreement claim, and therefore it could not pursue a Missouri Trade Secrets Act "for the same injury arising from the same course of conduct." AAI appealed.

Eleventh Circuit's Holding

On April 4, 2025, the Eleventh Circuit reversed and remanded the dismissal of AAI's trade secrets misappropriation claim, holding that the Missouri Trade Secrets Act expressly permits the remedy of unjust enrichment recovery, so long as the amount is not duplicative of the actual loss damages stemming from the misappropriation. According to the Eleventh Circuit, the unjust enrichment recovery AAI sought is distinct from the consequential damages awarded in the jury verdict (which compensated AAI for out-of-pocket expenses resulting from the breach of contract). In contrast, an unjust enrichment remedy would deprive Boeing of the gain it purportedly obtained from allegedly misappropriating AAI's trade secrets.

Further, pointing to the parties' master agreement, the Eleventh Circuit noted that the remedy of unjust enrichment was "conspicuously absent from the list of categorically barred damages" under the limitation of liability provision. Acknowledging that AAI and Boeing were both "sophisticated parties," the Eleventh Circuit reasoned that if the parties "had wanted the liability limitation provision to categorically bar an unjust enrichment award, they could have added it to the list of remedies they specified were barred by the contractual provision. They didn't."

Implications

While trade secret misappropriation statutes typically offer a broad range of remedies, the Eleventh Circuit's ruling suggests that sophisticated parties may potentially limit such remedies through carefully drafted agreements.

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