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Georgia Federal Court Denies TRO and Motion to Dismiss in Trade Secrets Case

Proskauer on Trade Secrets on **April 17, 2025**

On March 27, 2025, in *Stimlabs LLC v. Griffiths*, the U.S. District Court for the Northern District of Georgia ordered a former executive, Sarah Griffiths, to face claims related to her alleged theft of Stimlab's trade secrets under the Defend Trade Secrets Act ("DTSA") and the Georgia Trade Secrets Act ("GTSA") after denying her application for a TRO.

Background. Griffiths, the regenerative medicine company's former Chief Scientific Officer, allegedly downloaded thousands of documents containing confidential information and trade secrets after the CEO told her the company was interested in negotiating her departure. These documents allegedly contained, among other things, information regarding future potential products, confidential communications with government agencies, data related to product development and information related to "a product made of donated human umbilical cord, which is applied to, and used in, the management of ulcers, wounds, and similar injuries to the body." Griffiths allegedly was one of thirteen employees who had special access to the company's purported trade secrets. According to the company, she was required to sign restrictive covenants as part of her employment agreement, follow the employee handbook, attend and comply with the confidentiality training she received, use best efforts to protect Confidential Information and comply with the company's Information Security Policy.

Rulings. Following a hearing on August 13, 2024, the company's motion for a temporary restraining order was denied, as the court found that the company had "not introduced evidence that [Griffiths] accessed [Stimlabs'] documents for any purpose other than to do her job at the time, and the case law is very clear that this does not constitute misappropriation." However, the court still denied Griffith's motion to dismiss the complaint, finding that the company sufficiently identified 12 specific examples of trade secrets that purportedly were misappropriated, which were sufficient allegations to state a claim for misappropriation. The court emphasized the allegations that Griffith's actions violated her employment obligations. In denying the motion to dismiss, the court noted that the complaint the TRO was based on had been amended and now included four exhibits including various agreements and policies that Griffith had allegedly violated. The court also decided not to dismiss the company's breach of contract claim, despite Griffiths' argument that the company suffered no damages. The court found that discovery was the best avenue to address this issue.

Implications. This case shows that even though an application for immediate injunctive relief may be denied, there still may be ground to develop claims that were raised in the request for injunctive relief application, and thus a motion to dismiss may not be in order. Here, by amending the complaint and identifying the trade secrets that allegedly were misappropriated, the employer was able to survive a motion to dismiss, allowing the case to proceed. We will continue to follow this case as the litigation progresses.

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