



# The IP Update: Protect. Defend. Prevail.


The newsletter of the  
Intellectual Property Litigation Committee


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## In This Issue

Leadership Note

Message from the Chair ..... 2

Committee News

2019 IP Litigation Seminar..... 2

Brookey Wins Parnell Award..... 3

New Defense Library Series Publication..... 3

Feature Article

Two Years of Ex Parte Seizures Under the DTSA: Have We Fallen Down the Slippery Slope?..... 3



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## Leadership Note

# Message from the Chair

By Lisa L. Boswell



I am honored to serve as the new Chair of the Intellectual Property Litigation Committee with Vice Chair Eileen Rumfelt. Our Committee would not be the amazing, collaborative network of top IP practitioners it has become without the outstanding leadership, tireless efforts and foresight of Peter Strand, Jeff Dyess and Michelle Alamo.

Coming off the award winning 2018 IPLC Seminar chaired by Brian Brookey and Rachael Rodman, we are looking forward to another amazing seminar next year in Austin, Texas on May 9-10, 2019. Mark your calendars because you won't want to miss it!

We continue to meet, if not exceed, our annual membership goals and look to keep our momentum and numbers growing.

Thank you all for spreading the word about our IPLC family.

As we approach the end of another year, I wish you and your families a happy and healthy holiday season.

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*Lisa L. Boswell is of counsel for Early Sullivan Wright Gizer & McRae LLP in Los Angeles. Lisa's practice focuses on real estate litigation, commercial and business litigation, intellectual property, catastrophic injury defense, products liability, and tort defense. She represents corporations, private individuals, and insurance companies with special emphasis on high exposure and significant injury cases. She graduated from Whittier Law School, where she was the recipient of an American Jurisprudence Award in Professional Responsibility Practicum Skills. She has been a licensed Real Estate Broker in the State of California since 2005. Lisa is also a member of the California Minority Counsel Program. She is rated as an AV Preeminent Lawyer by Martindale-Hubbell*

## Committee News

# 2019 IP Litigation Seminar

By Rachael L. Rodman



Every year, the IP Litigation seminar delivers on its promise of amazing educational programming, and the 2019 seminar will be no exception. For 2019, the IP Litigation seminar will be in Austin, Texas, a new location for DRI, at the Omni Austin downtown. Come to learn about hot topics in IPRs, the juxtaposition of the First Amendment and invasion of privacy claims, and best practices for consumer surveys. In addition, enjoy a panel of in-house litigation and IP litigation attorneys, who will tell you what they want to see in outside counsel handling their IP litigation matters. Hear about IP in the video game industry from an attorney representing the maker of the addictive game Fortnite. We promise you will not be disappointed.

As always, the IP Litigation seminar will bring you top notch networking in the form of dine arounds, networking receptions, and other fun networking events that let you

get to know people and make new friends. We hope to see everyone there!

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*Rachael L. Rodman is a partner with Ulmer & Berne LLP in Columbus, Ohio, where she focuses her practice on intellectual property litigation, including patent infringement litigation, trademark and copyright litigation, and trade secret litigation. Ms. Rodman has handled intellectual property litigation involving a variety of products, including metal beverage cans and closures, recreational vehicles, commercial security systems, and software applications. She is the 2019 Program Chair for DRI's IP Litigation Seminar and was the Editor-in-Chief for Remedies in IP Litigation, the Defense Library Series publication for the IP Litigation Committee.*

## Brookey Wins Parnell Award



This year at the DRI Annual Meeting, our very own Brian Brookey was honored with the Alfred H. Parnell Outstanding Program Chair Award. This award honors a DRI program chair who “created a dynamic educational program enhancing DRI’s image, and who further has led and participated in the effective planning, marketing, and presentation of that educational program.” The award considers leadership, dedication, and creativity.

Brian Brookey, a partner in the Los Angeles office of Tucker Ellis LLP, chaired the 2018 IP Litigation Seminar in Denver. In addition to meeting DRI’s organizational goals for the seminar, Brian and his planning team put together one of the most dynamic seminars the IP Litigation Committee has ever had, including a lively judge’s panel and a

moving keynote from Simon Tam, the litigant in the seminal trademark case of *Matal v. Tam*, 582 U.S. \_\_\_\_ (2017), which found the Lanham Act’s prohibition on “disparaging” marks to be a violation of the First Amendment.

Brian’s leadership and creativity resulted in a seminar that not only blew attendees away in its programming but also met DRI sponsorship and diversity goals. Brian personally set a high goal for speaker diversity, and the 2018 IP Litigation seminar featured amazing speakers, 75 percent of whom were women and/or minorities. His leadership style pulled people in, making it a fun and dynamic planning year.

Congratulations to Brian Brookey for his win of the 2018 Alfred H. Parnell Outstanding Program Chair Award!

## New Defense Library Series Publication

The IP Litigation Committee is thrilled to announce the publication of its Defense Library Series volume, *Remedies in Intellectual Property Cases*. This publication explores remedies across various types of intellectual property cases, including patent, copyright, trademark, and trade secret. For each, it explores the various monetary remedies, including exemplary damages and attorneys’ fees, as well as injunctive and other relief. The authors, all

experienced in the various remedies that they examined, worked tirelessly to bring you the most up-to-date information on how to evaluate remedies in defending IP cases, or in advising your client in bringing an IP case. Rachael L. Rodman of Ulmer & Berne LLP and Christopher J. Lyon of Simms Showers LLP served as the editors. The entire publication is available for free to DRI members via LegalPoint. Click [here](#).

### Feature Article

## Two Years of Ex Parte Seizures Under the DTSA: Have We Fallen Down the Slippery Slope?

By Nicholas B. Clifford, Jr.



With the enactment of the Defend Trade Secrets Act (“DTSA”) in May 2016, Congress established a federal cause of action for trade secret misappropriation, along with a brand new remedy authorizing ex parte civil seizures of property, albeit “only in extraordinary circumstances.” 18 U.S.C. §1836(b)(2)(A)(1). At the time, some commentators lauded this procedure as a great advance over the remedies available under traditional state trade secret misappropriation law, whereas others expressed concerns

about the severity and potential abuse of this procedure. See Maxwell Goss, [What the Defend Trade Secrets Act Means for Trade Secret Defendants](#), PatentlyO, May 5, 2016 (“Without a doubt, the DTSA gives some advantages to trade secret owners. But it also contains protections that defendants should take advantage of. These include a process for challenging an improper seizure of property, employment protections in the event of an injunction, and recovery of attorney’s fees for actions brought in bad faith. In the right circumstances, these provisions could give a

trade secret defendant the upper hand.”); see also Yvette Joy Liebesman, *Ex Parte Seizures Under the DTSA and the Shift of IP Rights Enforcement*, 1 Bus., Entrepr. & Tax L. Rev. 390 (2017)(Using the ex parte seizure procedure to relieve trade secret owners of the burdens of “actually having to compete in the marketplace” and “the costs associated with the discovery process of a lawsuit” results “in anti-competitive behavior, is ripe for abuse, and offers no added benefit to what is provided via state trade secret causes of action and remedies.”)(emphasis added).

What have we learned in the last two years about ex parte seizures under the DTSA? This article provides a brief overview of the ex parte procedure itself, analyzes ex parte seizure orders from federal courts around the country, and assesses the factors used by courts in making rulings on ex parte seizures. Based upon the data from DTSA cases and seizure orders to date, it appears that the ex parte seizures procedure has been rarely used and the courts have strictly followed the statutory requirements protecting against abuse.

## Procedure for Securing an Ex Parte Seizure Under the DTSA

The DTSA has a detailed procedure for obtaining an ex parte seizure. See 18 U.S.C. §1836(b)(2). The application must be supported by an affidavit or verified complaint and may be ex parte “but only in extraordinary circumstances.” *Id.* at §1836(b)(2)(A)(i). Furthermore, an order for seizure of property will issue only when “necessary to prevent the propagation or dissemination of the trade secret that is the subject of the action.” *Id.* No order may issue unless the court makes specific fact findings that:

- (I) an order issued pursuant to Rule 65 of the Federal Rules of Civil Procedure or another form of equitable relief would be inadequate to achieve the purpose of this paragraph because the party to which the order would be issued would evade, avoid, or otherwise not comply with such an order;
- (II) an immediate and irreparable injury will occur if such seizure is not ordered;
- (III) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application and substantially outweighs the harm to any third parties who may be harmed by such seizure;
- (IV) the applicant is likely to succeed in showing that—
  - (aa) the information is a trade secret; and

(bb) the person against whom seizure would be ordered—

- (AA) misappropriated the trade secret of the applicant by improper means; or
- (BB) conspired to use improper means to misappropriate the trade secret of the applicant;

(V) the person against whom seizure would be ordered has actual possession of—

- (aa) the trade secret; and
- (bb) any property to be seized;

(VI) the application describes with reasonable particularity the matter to be seized and, to the extent reasonable under the circumstances, identifies the location where the matter is to be seized;

(VII) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person; and

(VIII) the applicant has not publicized the requested seizure.

*Id.* at §1836(b)(2)(A)(ii). Furthermore, the court’s seizure order must include for the following:

- (i) set forth findings of fact and conclusions of law required for the order;
- (ii) Provide for the narrowest seizure necessary to accomplish the purpose of this paragraph and direct that the seizure be conducted in a manner that minimizes any interruption of the business operations of third parties and, to the extent possible, does not interrupt the legitimate business operations of the person accused of misappropriating the trade secret;
- (iii)
  - (I) be accompanied by an order protecting the seized property from disclosure by prohibiting access by the applicant or the person against whom the order is directed, and prohibiting any copies, in whole or in part, of the seized property, to prevent undue damage to the party against whom the order has issued or others, until such parties have an opportunity to be heard in court; and
  - (II) provide that if access is granted by the court to the applicant or the person against whom the order is directed, the access shall be consistent with subparagraph (D);
- (iv) provide guidance to law enforcement officials executing the seizure that clearly delineates the scope of the authority of the officials, including—

- (I) hours during which the seizure may be executed; and
  - (II) whether force may be used to access locked areas;
- (v) set a date for a hearing described in subparagraph (F) at the earliest possible time, and not later than 7 days after the order has issued, unless the party against whom the order is directed and others harmed by the order consent to another date for the hearing, except that a party against whom the order has issued or any person harmed by the order may move the court at any time to dissolve or modify the order after giving notice to the applicant who obtained the order; and
- (vi) require that the person obtaining the order to provide the security determined adequate by the court for the payment of damages that any person may be entitled to recover as a result of a wrongful or excessive seizure or wrongful or excessive attempted seizure under this paragraph.

*Id.* at §1836(b)(2)(B). Clearly, plaintiffs in DTSA cases must present very detailed support in order to be entitled to a seizure order on an ex parte basis and must be ready to provide adequate security against damages from wrongful or excessive seizure.

Furthermore, the DTSA incorporates numerous protections against wrongful seizures. The court must protect the non-moving party against publicity relating to the order and seizure. *Id.* at §1836(b)(2)(C). Any materials seized pursuant to the order must be taken into the custody of the court (not the movant). *Id.* at §1836(b)(2)(D)(i). The court must prohibit seized data or other materials (such as a “storage medium, or if the seized material is stored on a storage medium”) from “being connected to a network or the Internet.” *Id.* at §1836(b)(2)(D)(ii). Similarly, the court must take measures to “protect the confidentiality of seized materials that are unrelated to the trade secret information seized... unless the person against whom the order is entered consents to disclosure of the material.”

In addition to these procedures, the DTSA also establishes a “cause of action against the applicant for the [seizure] order” for a person who “suffers damages by reason of a wrongful or excessive seizure” under the DTSA. Under this cause of action, a successful claimant would potentially be entitled to seek lost profits, cost of materials, loss of good will, punitive damages, and attorney’s fees. *Id.* at §1836(b)(2)(G) (cross-referencing the relief in the Lanham Act under 15 U.S.C. §1116(d)(11)).

Given the exceptionally detailed requirements for an applicant seeking an ex parte seizure, as well as the extensive mandatory court protections against wrongful

seizures, the Federal Judicial Center published *Trade Secret Seizure Best Practices Under the Defend Trade Secrets Act of 2016*, based upon input by federal judges, the U.S. Marshals Service, and private lawyers experienced in trade secret litigation. Timothy T. Lau, [\*Trade Secret Seizure Best Practices under the Defend Trade Secrets Act of 2016\*](#), Fed. Judicial Ctr.(June 28, 2017)..

## Ex Parte Seizure Orders Under the DTSA Since 2016

Since the enactment of the DTSA in May 2016, there have been nearly 1,300 cases filed with trade secret misappropriation claims under the DTSA. Because the PACER database does not yet have a unique “Nature of Suit” code for DTSA cases, we used Docket Navigator service ([www.docketnavigator.com](http://www.docketnavigator.com)) to track the filing of federal cases with DTSA claims. As of November 1, 2018, Docket Navigator’s database shows 1275 DTSA cases. Although tracking the filing and disposition of motions for ex parte seizure can be difficult, particularly in cases that are under seal, we have been able to identify approximately 25 cases involving motions for ex parte seizure under 18 U.S.C. §1836(b)(2). From those 25 cases, we identified 7 orders granting an ex parte seizure. With respect to the remaining cases involving seizure motions, they were denied outright, denied as moot, or simply were not decided. Clearly, motions seeking ex parte seizure are highly unusual, and orders granting them remain exceedingly rare.

By contrast, there were nearly 400 motions for temporary restraining order and over 500 motions for preliminary injunction in almost 1,300 DTSA cases since 2016. Indeed, the data shows plaintiffs in DTSA cases have clearly preferred to seek more traditional emergency or preliminary injunctive relief under Fed. R. Civ. P. 65 over ex parte seizures under the DTSA. This is not surprising, given the DTSA’s express prohibition against ex parte seizure orders *unless* the movant establishes that a TRO or preliminary injunction under Fed. R. Civ. P. 65 would be “inadequate” because of the risk that the non-movant would “evade, avoid, or otherwise not comply with such an order.” Establishing such inadequacy has proven to be a very high burden which has been met in only a few cases.

In light of the relatively few number of decisions on ex parte seizure motions, it is useful to address some of these rulings and identify the factors considered by the courts in them.

## Cases Granting Ex Parte Seizure

- *Mission Capital Advisors v. Romaka*, No. 1:16-cv-05878-LLS (S.D.N.Y. July 29, 2016) – In the first seizure order issued under the D TSA, the court faced an application by a commercial real estate company seeking seizure of its confidential contact lists in the possession of a former employee who had downloaded them onto a personal computer without authorization and lied about having deleted them. The court first issued a TRO, but the defendant evaded personal service. Given these indicia of falsities and evasiveness, the court held that a Rule 65 was “inadequate because Defendant would evade, avoid, or otherwise not comply with such an order.” Finding irreparable harm based upon the importance of the lists to the plaintiff’s business, it held that the defendant had “no legitimate interest” in the lists and that the plaintiff was likely to succeed in showing the information was a trade secret. Accordingly, the court ordered the U.S. Marshal to seize the contact lists (*i.e.*, copy them to a storage device, then delete them from the defendant’s computer).
- *AVX Corp. v. JunHee Kim*, No. 6:17-cv-00624-MGL (D.S.C. Mar. 8, 2017) – In this case, the court issued a seizure of any computers and other devices in the defendant’s possession in order to secure certain stolen computer files (including various of plaintiff’s product development, marketing, and formulation process files). The court issued fact findings that the defendant had signed multiple confidentiality agreements when employed by the plaintiff. Moreover, the court found that these files had been “surreptitiously download[ed] and cop[ied] without permission or authorization” by the defendant, who then “repeatedly lied and attempted to conceal the fact that he accessed and downloaded” them, then “retained possession of the ... files following his termination.” In addition, the court found that the files were trade secrets and that the plaintiff had taken reasonable measures to keep them secret. Thus, the court found the plaintiff would be irreparably harmed if the seizure were not ordered and that there was no harm to the defendant “greater than the inconvenience of losing possession of his [devices] for a limited time in order for forensic analysis to be completed.”
- *Axis Steel Detailing, Inc. v. Prilex Detailing LLC*, No. 2:17-cv-00428-JNP, 2017 WL 8947964 (D. Utah June 29, 2017) – upon making findings of fact that detailed the defendants’ “high level of technical proficiency and ... attempts by Defendants in the past to delete information from computers,” as well as their “willingness to provide false and misleading information,” the court in *Axis Steel* was careful to focus its seizure on ordering the copying of certain files from devices located the defendants’ business in order to preserve evidence. In other words, the court determined that “no physical items such as computers or cell phones will be seized” and that “[t]he seizure is limited to a copy of digital files or other information.” Furthermore, the Court identified a technical expert to assist the U.S. Marshal if requested. In addition, as part of the seizure order, the Court issued an evidence preservation order to third-party Dropbox, Inc. to “make digital copies of all files, including previously deleted files, residing in the Dropbox accounts” of certain defendants and ordered Dropbox to provide the copies to the Court.
- *Blue Star Land Services v. Coleman, et al.*, No. 5:17-cv-00931-G (W.D. OK August 31, 2017) – The court in *Blue Star* was convinced that the defendants (who were former employees and had previously downloaded trade secret data which they used in starting a competing business in violation of their employment agreements) had misappropriated trade secrets. It emphasized that “[g]iven the manner in which Defendants allegedly took the trade secret(s), their alleged duplicity with Plaintiff, and considering the nature of the trade secret(s), an Order pursuant to Fed. R. Civ. P. 65 would be ineffective. Defendants could easily copy the information onto another computer or other storage media without the knowledge of Plaintiff of the Court. Further, Defendants’ prior actions demonstrate a willingness to evade or ignore the law.” The U.S. Marshal was order to seize certain devices and to secure certain Dropbox and email accounts, then change the logins and passwords in a manner that “full protects the seized information from access.”
- *Solar Connect, LLC v. Endicott, et al.*, No. 2:17-cv-01235 (D. Utah December 4, 2017) – In a second case involving an ex parte seizure order from the District of Utah, the court issued a seizure order that is virtually identical to the order issued by a different judge from the same court six months earlier in *Axis Steel Detailing, Inc. v. Prilex Detailing LLC*, No. 2:17-cv-00428-JNP, 2017 WL 8947964 (D. Utah June 29, 2017). Like the *Axis Steel* seizure order, the *Solar Connect* seizure order requires seizure of the defendants’ computers and other devices, including copying of files from various networks (Dropbox and Google), restricted access to the seized data and devices, appointment of a technical expert, as well as an evidence preservation order for the defendants and certain Dropbox and Google accounts.

- *Thoroughbred Ventures, LLC v. Disman, et al.*, No. 4:18-cv-00318-ALM (E.D. Tex. May 1, 2018) – this case involves an application for ex parte seizure of a laptop containing various trade secrets (client lists, data regarding investment opportunities and practices, etc.) which a former employee of the plaintiff had taken upon leaving the plaintiff’s employment, in violation of his employment and confidentiality agreements, and has not returned it despite the plaintiff’s requests for its return. Based on the plaintiff’s motion, the court noted that one of the defendants was using information on the computer to engage in investment opportunities that excluded the plaintiff. The seizure order specified that “the property to be seized is ONLY the HP Laptop as described in this Order” (providing serial and model numbers), restricted access to the seized computer from the plaintiff and the defendants, and appointed a special master to examine the laptop to obtain the trade secret files from it. Interestingly, after the seizure order issued, the laptop was never found. Later, the court denied the plaintiff’s motion for preliminary injunction because it found that the plaintiff did not establish a substantial likelihood of success based upon its ruling that “customer relationships” were not protectable trade secrets in the 5th Circuit.
- *Vice Capital, LLC v. CBD World, LLC*, No. 5:18-cv-00566-D (W.D. Okla. June 20, 2018) – this case involved cannabidiol (“CBD”) suppliers using certain marks, logos, and signage relating to the trade names “CBD PLUS” and “Colorado Cures.” When the plaintiffs undertook to open 20 stores in Oklahoma, they established relationships with various third-parties to operate the stores and to use the CBD+ marks at them, as they began to convert the stores to franchises. The plaintiffs claimed the defendants chose not to become franchisees but continued to operate the store, despite a cease and desist letter. The defendants exported a proprietary customer list and one of the defendants threatened to send a message to all customers claiming that Plaintiffs’ products were tainted and would make them sick. In issuing an order compelling the seizure of all computers or devices evidencing the customer list, the court found the defendants “have improperly retained Plaintiffs’ customer list and have shown a willingness to provide false and misleading information to said customers.” It also noted that the plaintiffs even proposed providing replacement devices so that the defendants could continue operating.

## Cases Denying Ex Parte Seizure

Other than the 7 cases summarized above, the remaining DTSA cases involving ex parte seizure motions did not result in the issuance of an order granting a seizure. In most of these cases in which seizure was denied, the court did not issue a ruling with a detailed discussion. The following is a list of these cases (with details, if available from the record):

- *Dazzle Software II, LLC et al v. Kinney et al*, No. 16-cv-12191-MFL-MKM (E.D. Mich.)(Dkt. #3 – order denying seizure on ex parte basis; Dkt. #20 – order denying seizure after contested hearing).
- *Balearia Caribbean Ltd. v. Calvo*, 1:16-cv-23300-KMW (S.D. Fla. August 5, 2016)(finding that speculative “assertions do not constitute the ‘extraordinary circumstances’ contemplated by the DTSA”).
- *Jones Printing LLC v. Adams Lithographing Co., et al.*, No. 1:16-cv-442 (E.D. Tenn. November 3, 2016)(Dkt. #8 – denying application for ex parte seizure without prejudice, noting “[t]he bare and conclusory application presented by Plaintiff is insufficient to warrant the extraordinary relief requested”).
- *Compulife Software, Inc. v. Newman, et al.*, No. 9:16-cv-81942-RLR (S.D. Fla. December 7, 2016)(“For the same reasons [as denial of TRO], and because several pages of argument relevant to Plaintiff’s Motion for Civil Seizure Order are missing, Plaintiff has not convinced the Court that a civil seizure order should be entered.”).
- *Sapienza v. Trahan, et al.*, No. 6:16-cv-01701-PJH (W.D. La. December 13, 2016)(Dkt. #4 – denying motion for seizure order, TRO, preliminary injunction, and permanent injunction “as moot based upon the agreement” between the parties).
- *Magnesita Refractories Co. v. Mishra*, No. 2:16-cv-524-PPS-JEM (N.D. Ind. December 20, 2016)(motion for seizure, TRO, preliminary injunction, and permanent injunction granted in part and denied in part; seizure granted under Rule 65, instead of pursuant to the DTSA).
- *OOO Brunswick Rail Mgt., et al. v. Sultanov, et al.*, No. 5:17-cv-00017-EJD (N.D. Cal. January 6, 2017)(“the Court finds that seizure under the DTSA is unnecessary because the Court will order that Sultanov must deliver these devices to the Court at the time of the hearing scheduled below, and in the meantime, the devices may not be accessed or modified.”).

- *Tonn Investments, LLC v. Oncam Inc.*, No. 2:17-cv-00501-JJT (D. Ariz. March 1, 2017)(denying as moot emergency ex parte application for seizure order).
- *Broker Genius, Inc. v. Zalta, et al.*, No. 1:17-cv-02099-SHS (S.D.N.Y. May 8, 2017)(ex parte application for temporary restraining order, seizure, and evidence preservation and order to show cause re: preliminary injunction filed; no ruling on the seizure shown in the docket, although the motion for preliminary injunction was ultimately denied, see ECF No. 150)(“the Court denies plaintiff’s motion for a preliminary injunction”).
- *Sorenson Communications, LLC v. Stewart*, No. 2:17-cv-00817-DN (D. Utah July 21, 2017)(minute order regarding hearing on plaintiff’s motion for civil seizure states, “Court made findings on the record and denied the motion.”).
- *The Revolution FMO, LLC v. Mitchell*, No. 4:17-cv-02220-HEA (E.D. Mo. August 29, 2017)(at hearing on the ex parte relief sought by plaintiff, defendant appeared in person and with counsel; court heard argument on seizure motion, then adjourned for lunch; parties announced agreement regarding inspection of device; subsequently, negotiations broke down during process to reduce their agreement into an agreed order; plaintiff pursued relief under Rule 65 but court denied TRO).
- *Cochrane USA, Inc. v. Filiba, et al.*, No. 1:18-cv-00341-EGS-RMM (D. Columbia March 9, 2018)(denying seizure, granting TRO)(where plaintiff “conceded it did not have specific evidence that [defendant] was seeking to flee the country” and there was no evidence the data at issue was going to be disseminated, the court found “these assertions do not constitute ‘extraordinary circumstances’ required under the Act to justify issuing an *ex parte* seizure order”).
- *InkSoft, Inc. v. Webby Central, LLC*, No. 2:17-cv-03168-SPL (D. Ariz. September 14, 2017)(denying plaintiff’s ex parte emergency motion for civil seizure order, emergency TRO and order to show cause)(“Plaintiff does not address its efforts to notify defendants, nor presented any reason why notice and an opportunity to respond should not be required. There is no indication that the defendant has received notice of Plaintiff’s instant request for injunctive relief. Plaintiff therefore fails to meet its burden to demonstrate that it is entitled to immediate, temporary injunctive relief.”).
- *Snively, Inc. v. Blank*, No. 4:18-cv-00519-BYP (N.D. Ohio April 10, 2018)(after preliminarily ruling on April 6, 2018 that “equitable relief is appropriate” and that plaintiff should submit an amended proposed order “that is specific in terms and describes in reasonable detail what is to be restrained and/or seized,” the court reversed itself on April 10, 2018, stating “the Court is not persuaded that there would be irreparable harm to Plaintiff if the Temporary Restraining Order and Seizure Order does not issue. This is a substantial change from the Court’s prior ruling that there would be irreparable injury.”).
- *The Center for Advancing Innovation, Inc. v. Bahreini*, No. 8:18-cv-01119-GJH (D. Maryland May 4, 2018) (denying request for civil seizure and motion for TRO) (holding plaintiff “has not made a ‘clear showing’ that it is likely to succeed on the merits of its \$1836 claim and it “cannot make a clear showing as to which, if any, of these files meet the definition of a trade secret; “Defendants have already pointed out numerous files that CAI claimed were trade secrets that are actually publicly available online, causing the Court to doubt Plaintiff’s representations that other documents are in fact trade secrets;” CAI has not made a ‘clear showing’ that it is likely to suffer irreparable harm absent a TRO or order authorizing a civil seizure ... CAI does not make a clear showing, however, that [business being diverted to competitors] is imminent and provides only speculative harm.”).
- *Lokring Technology, LLC v. Elliott*, No. 1:18-cv-00907-DAP (N.D. Cal. April 24, 2018)(denying seizure/TRO as moot after defendant “agreed to turn over his computer to Plaintiff’s counsel for examination immediately and counsel resolved to agree on appropriate search terms for that examination, Elliott agreed to provide an affidavit as to what he does and does not have that Plaintiff demanded, and Elliott agreed provide releases to Plaintiff so that Plaintiff can subpoena third-party email providers).
- *International Automotive Technicians’ Network, Inc., et al. v. Winzig, et al.*, No. 2:18-cv-04208-FMO-MRW (C.D. Cal. May 21, 2018)(denying request for seizure, based upon findings that “plaintiffs have not met their burden of showing that defendants would not comply with an order issued pursuant to Rule 65” and that plaintiffs’ fear of erasing the storage device if given notice was “unwarranted given that plaintiffs’ counsel has already threatened defendants ... with litigation”).
- *Pearl Ins. Group, LLC v. Baker*, No. 0:18-cv-02353-JMC, 2018 WL 410333 (D.S.C. August 29, 2018)(granting TRO but holding seizure request “in abeyance”).



## Key Factors in Ex Parte Seizure Orders

The cases suggest a number of factors that court have considered important in granting or denying motions for ex parte seizure.

### Factors favoring grant of seizure:

- limited nature of seizure request, involving minimal invasiveness or burden on the defendant, such as mere copying of files/hard drives to preserve status quo;
- showing of deceitfulness or deceptive conduct or evasiveness by defendant;
- destruction of evidence as a basis for inadequacy of TRO under Rule 65; and
- evidence that plaintiff's property was stolen or that defendant lied about returning company property.

### Factors favoring denial of seizure:

- failing to provide specific information about the nature of irreparable harm to plaintiff;
- failing to show how defendant's course of conduct provides certainty about future harm (mere speculation about what defendant might do is insufficient);
- failing to specify where the trade secret information is located (brand/type of devices, the file structure of the drives, the names of the specific files to be seized);
- failing to identify the trade secret with enough specificity that it can be identified and seized by law enforcement officials; and

- failing to explain why notice to defendant would lead to the destruction of the subject matter or inaccessibility/hiding of evidence.

## Conclusion

While the DTSA was lauded as “arguably the most sweeping change to the nation’s intellectual property laws in a generation or more,” its new ex parte seizure procedure attracted the most attention. In practice over the last two years, it has not proven to be commonly used at all. See Goss, *supra*. In fact, the data shows that courts have issued seizure orders in approximately one half of one percent of DTSA cases filed since its enactment. Furthermore, our research reveals that only 28 percent of seizure motions have been granted. This suggests that the court have, in fact, permitted an ex parte seizure in only the extraordinary cases, as the statute expressly requires.

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*Nicholas B. Clifford, Jr., is a partner at Armstrong Teasdale LLP in St. Louis, MO, where he is the leader of the firm's IP litigation practice group. Nick has handled intellectual property and commercial lawsuits in state and federal courts in more than 30 U.S. states. Nick provides strategic, value-driven advice on prosecuting and defending patent, copyright, and trademark infringement, trade secret misappropriation cases, as well as commercial litigation.*