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COMMENT

PUBLIC CONCERN – A “NEWSWORTHY” EXCEPTION TO THE GRANT OF PRELIMINARY INJUNCTIONS IN TRADE SECRET CASES

INTRODUCTION

Apple iPods are the apple of everyone’s eyes. The spectacular success of the iPod has spawned websites devoted solely to Apple products and supporting software.¹ These websites provide all the information that Apple neophytes and dedicated Apple geeks need.² However, in recent times, these websites that are a source for all things Apple, have locked horns with the company over certain articles written before the release of new products.³

The timing of the release and the features of the products are often

¹ See, e.g., ThinkSecret, <http://www.thinksecret.com>, The Mac Observer, <http://www.themacobserver.com>, O’Grady’s Power Page, <http://www.powerpage.com>, MacRumors.com, <http://www.macrumors.com>, The iPod Observer, <http://www.theipodobserver.com>, MacBytes.com, <http://www.macbytes.com> (last visited Oct. 28, 2005). These websites publish articles primarily on the topic of Apple computers and products. They also publish articles about non-Apple products designed to interoperate with Apple products.

² *Id.*

³ See Complaint, Apple Computer, Inc. v. Does, No. 1-04-CV-032178 (Santa Clara County Superior Court filed on Dec. 23, 2004), available at http://www.eff.org/Censorship/Apple_v_Does/Complaint.pdf (last visited Oct. 28, 2005) [hereinafter Apple Does, *Complaint*]; Complaint for Trade Secret Misappropriation, Tortious Interference with Contract and Breach of Contract Apple Computer, Inc. v. Nick dePlume, et. al, No. 1-05-CV-033341 (Santa Clara County Superior Court filed on Jan 4, 2005), available at <http://www.homepage.mac.com/jharrell/Apple%20v.%20dePlume.pdf> (last visited Oct. 28, 2005) [hereinafter ThinkSecret, *Complaint*].

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carefully guarded trade secrets.⁴ Apple's strategy is to maximize the publicity of new products without denting the demand for the older versions.⁵ Although not as significant as a *Time* magazine cover, these websites play a major role in popularizing Apple's products.⁶ However, these websites struck a dissonant tune with Apple by prematurely posting future product information.⁷ Consequently, Apple filed a lawsuit against these websites for misappropriation of its trade secrets.⁸

Before the advent of the Internet, trade secret holders such as Apple were not pressured to pursue third party publishers⁹ because of the publishers' practical inability to destroy the trade secret.¹⁰ The publication was constrained by the limitations of the medium of publication, which did not have the reach or the speed of the Internet.¹¹ Moreover, competitors often have the same interest in preserving the secrecy of a trade secret as the original holder of the information.¹² Hence, mass dissemination by another was not a realistic threat.¹³

In general, a trade secret loses all protection when it is no longer a secret or it becomes generally known.¹⁴ Therefore, the Internet has multiplied the risk of loss of a trade secret.¹⁵ Third party publishers now

⁴ See Apple Does, *Complaint* at 3; ThinkSecret, *Complaint* at 5.

⁵ See ThinkSecret, *Complaint* at 6.

⁶ See Defendant the dePlume Organizations LLC's Memorandum of Points and Authorities in Support of Special Motion to Strike Complaint Pursuant to California Anti-SLAPP Statute, Apple Computer, Inc. v. Nick deplume, et. al, No. 1-05-CV-033341 (Santa Clara County Superior Court filed on March 4, 2005), available at <http://www.thinksecret.com/filings/antislapmemorandum.pdf> (last visited Oct. 28, 2005) [hereinafter ThinkSecret, *Anti-SLAPP Memorandum of Points and Authorities*] ThinkSecret delivers approximately 2.5 million page views a month and publishes on an average 13 articles a month. ThinkSecret, *Anti-SLAPP Memorandum of Points and Authorities*, *supra* note 5, at 2.

⁷ See Apple Does, *Complaint*, *supra* note 3, at 1; ThinkSecret, *Complaint*, *supra* note 3, at 2.

⁸ See *id.*

⁹ See Eugene Volokh, *Essay: Freedom of Speech and Intellectual Property: Some Thoughts after Eldred, Liquamart, and Bartnicki*, 40 Hous. L. Rev. 697, 739 (2003).

¹⁰ See David Greene, *Trade Secrets, the First Amendment and the Challenges of the Internet Age*, 23 Hastings Comm. & Ent. L. J. 537, 556 (2001)

¹¹ *Id.*

¹² See Pamela Samuelson, *Resolving Conflicts Between Trade Secrets and the First Amendment*, (Mar. 23, 2003) (unpublished "manuscript", available at: <http://www.sims.berkeley.edu/~pam/papers/TS%201st%20A%203%d20dr.pdf> (last visited Oct. 24, 2005).)

¹³ *Id.*

¹⁴ See *generally* Religious Tech. Ctr. v. Lerma, 908 F. Supp. 1362, 1368 (E.D. Va. 1995) (holding that trade secret loses all protection when it is published on the Internet unless the publication was an obscure site with limited viewers); See also Bruce T. Atkins, Note, *Trade Secrets in the Information Age: Can Trade Secret Law Survive the Internet?*, 1996 U. Ill. L. Rev. 1151, 1152 (1996).

¹⁵ See Bruce T. Atkins, Note, *Trade Secrets in the Information Age: Can Trade Secret Law*

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have the power to instantaneously disseminate the information globally and destroy a trade secret.¹⁶ In addition, trade secret owners have to deal with a new class of misappropriators – websites and web users.¹⁷

Trade secret law permits trade secret holders to seek injunctions and damages against misappropriators.¹⁸ The challenges posed by the Internet may justify imposing injunctions on publication of trade secrets to protect investment in research and development, as in Apple's case.¹⁹

However, injunctions are a form of prior restraint.²⁰ When granted against third party publishers who have no obligation to keep the information secret, injunctions prohibiting publication violate these publishers' First Amendment rights.²¹ In addition, injunctions enable the trade secret holder to suppress information affecting the welfare of the public, under the guise of trade secrets.²²

The public has no legal right to access the trade secret under any circumstances because disclosure of a trade secret destroys its value.²³ But, injunctions against third party disclosures of trade secrets adversely affect the welfare of the public by blocking a source of information and thereby stifling comment, criticism, and discussion.²⁴ Therefore, the economic interests of trade secret holders must be weighed against the public necessity for disclosure and the First Amendment rights of third

Survive the Internet?, 1996 U. Ill. L. Rev. 1151, 1152 (1996).

¹⁶ *See id.* at 1153.

¹⁷ *Id.*

¹⁸ CAL. CIV. CODE § 3426.2(a) (West 2005). Actual or threatened misappropriation may be enjoined. *Id.*

¹⁹ *See* Apple Computer, Inc. v. Does, No. 1-04-CV-032178 (Superior Court Santa Clara County, March 11, 2005) available at http://www.eff.org/Censorship/Apple_v_Does/20050311_apple_decision.pdf (last visited October 28, 2005) [hereinafter Judge Kleinberg, *March 11, 2005, Order after Hearing.*]

²⁰ The clearest definition of prior restraint is an administrative system or judicial order that prevents speech from occurring. ERWIN CHEMERINSKY, *CONSTITUTIONAL LAW*, 938 (Aspen Law & Business 2001). *See also* Alexander v. United States, 509 U.S. 544, 549 (1993) (stating that the term prior restraint is used to describe administrative and judicial orders forbidding certain communications when issued in advance of the time that such communication are to occur).

²¹ *See* Volokh, *supra* note 9, at 741 (2003).

²² *Id.* at 746.

²³ *See, e.g.* Religious Tech. Ctr. v. NetCom On-Line Comm'c Services, Inc., 923 F.Supp. 1231, 1254 (N.D. Cal. 1995); Religious Tech. Ctr. v. F.A.C.T.Net, Inc., 901 F.Supp 1519 (D. Colo. 1995); Religious Tech. Ctr. v. Lerma, 908 F. Supp. 1362, 1368 (E.D. Va. 1995), DVD Copy Control Ass'n v. Bunner, 4 Cal. Rptr.3d 69, 84 (2003) (holding that disclosure of trade secret on the Internet destroyed its status as trade secret because the information became generally known due to publication).

²⁴ *See generally* David Greene, *Trade Secrets, the First Amendment and the Challenges of the Internet Age*, 23 Hastings Comm. & Ent. L. J. 537 (2001) (arguing that the public will be served by affirming the publisher's First Amendment right, not restricting them even when they post trade secrets on the Internet).

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party publishers to publish the information.

Part I of this Comment provides a brief description of various provisions of California's trade secret law, the Uniform Trade Secrets Act ("UTSA").²⁵ Part II analyzes the various categories of trade secret users who may become liable for unauthorized publication of a trade secret.²⁶ Part III examines the distinct approaches of the United States Supreme Court and the California Supreme Court in granting preliminary injunctions against third party publication of confidential information.²⁷ Part IV identifies the features of a newsworthy- public-concern exception to the grant of preliminary injunctions against third party publishers in trade secret cases.²⁸ Part V provides justification for the recognition of a newsworthy- public-concern exception.²⁹ Finally, this Comment concludes that in cases involving third party publication of information that would be *prima facie* trade secrets, courts should be more circumspect in granting preliminary injunctions when the information is newsworthy and relates to a matter of public concern.³⁰

I. BACKGROUND

UTSA defines trade secret as "information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) is subject of efforts that are reasonable under the circumstances to maintain its secrecy."³¹

Thus, under the UTSA, a trade secret encompasses anything of competitive value not generally known in a specific trade.³² The sweeping coverage of eligible subject matter is coupled with the right to

²⁵ See *infra* notes 31-36 and accompanying text.

²⁶ See *infra* notes 37 -51 and accompanying text.

²⁷ See *infra* notes 53 -128 and accompanying text.

²⁸ See *infra* notes 129 -193 and accompanying text.

²⁹ See *infra* notes 194-252 and accompanying text.

³⁰ See *infra* notes 253-264 and accompanying text.

³¹ CAL.CIV. CODE § 3426.1(d) (West 2005). The National Conference of Commissioners on Uniform State Laws approved the Uniform Trade Secrets Act in 1979. See Atkins, *supra* note 15, at 1157 (1996). Rather than changing the trade secret law, the UTSA drafters intended to codify existing standards and to promote uniformity in trade secret misappropriation standards. *Id.* See also Cadence Design Systems, Inc. v. Avant! Corporation, 29 Cal.4th 215, 221 (2002). California has adopted without significant change the Uniform Trade Secrets. *Id.* [Henceforth all references to trade secret law imply UTSA].

³² See Atkins, *supra* note 15, at 1157 (1996).

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keep the information secret indefinitely.³³ In addition, the law provides for injunctions and damages in case of unauthorized publication of trade secrets.³⁴

The rationale for imposing injunctions and damages for the disclosure of, for instance, Apple's trade secrets is supported by core public policies – maintaining commercial morality, to encourage research by ensuring that innovators benefit from their inventions and investments, and to punish industrial espionage.³⁵ But the efficacy of injunctions imposed against a third party publisher for disclosing such information must be examined in the light of First Amendment rights of publishers and public concern.³⁶

II. THE UTSA AND LIABILITY FOR DISCLOSURE OF TRADE SECRETS

Under the UTSA, once information qualifies as a trade secret, the publisher is liable if she acquired the trade secret through “improper means.”³⁷ “Improper means” include breach of contract, violation of a confidential relationship, theft, bribery, misrepresentation and other wrongs.³⁸

In general, the trade secret holder can proceed against three categories of misappropriators.³⁹ The first category includes employees

³³ DVD Copy Control Ass'n, 113 Cal.Rptr.2d 338, 350 (2002). *Cf.*, Bonnie L. Schriever, Comment, “*Yelling Fire*” and Hacking: Why the First Amendment Does Not Permit Distributing Encryption Technology, 71 Fordham L. Rev. 2283, 2327 (2003).

³⁴ CAL. CIV. CODE § 3426.2(a) (West 2005).

³⁵ See Ryan Lambrecht, Note, *Trade Secrets and the Internet: What Remedies Exist for Disclosure in the Information Age?* 18 Rev. Litig. 317, 320-321 (1999).

³⁶ *But see* Volokh, *supra* note 9, at 740 (restricting publication of information such as a company's plan to release a dangerous product, while benefiting the company tends to harm the public at large).

³⁷ CAL. CIV. CODE § 3426.1(a) (West 2005).

³⁸ Reverse engineering or independent derivation alone shall not be considered improper means. CAL. CIV. CODE § 3426.1(a) (West 2005). *See e.g.*, E.I. du Pont de Nemours & Co., Inc. v. Christopher, 431 F.2d 1012, 1015 (CA5, 1970), *cert. den.* 400 U.S. 1024 (1970). Improper means could include otherwise lawful conduct which is improper under the circumstances; e.g., an airplane over flight used as aerial reconnaissance to determine the competitor's plant layout during construction of the plant. *Id.*

³⁹ *See* Lambrecht, *supra* note 35, at 323. *See also*, CAL. CIV. CODE § 3426.1(b) (West 2005). “Misappropriation” means: (1) Acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or (2) Disclosure or use of a trade secret of another without express or implied consent by a person who: (A) Used improper means to acquire knowledge of the trade secret; or (B) At the time of disclosure or use, knew or had reason to know that his or her knowledge of the trade secret was: (i) Derived from or through a person who had utilized improper means to acquire it; (ii) Acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or (iii) Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or (C) Before a material

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bound by a duty of confidentiality arising from a contract.⁴⁰ Employees may be held liable for misappropriation of trade secrets because they have contracted away their First Amendment rights.⁴¹ An express or implied duty of confidentiality can be enforced without offending the First Amendment.⁴²

The second category includes third party misappropriators such as competitors of trade secret holders.⁴³ The UTSA imposes liability when they violate the standards of commercial ethics by hiring employees bound by confidential agreements or inducing them to breach such contracts.⁴⁴ Imposing liability against the defendants in the first and second categories is justified by privity of contract, whereby publishers are entitled to waive their First Amendment rights by contract.⁴⁵

The third category includes entities such as newspapers and websites, not in privity with the trade secret holder.⁴⁶ Journalistic websites, like newspapers, are not in competition with trade secret holders or bound by confidentiality agreements.⁴⁷ However, such third parties may be liable if they knew or had reason to know at the time of publication that the informant had acquired the information illegally.⁴⁸

The grant of injunctions against this category of publishers is troublesome in the light of the First Amendment.⁴⁹ The United States Supreme Court refused to grant injunctions against the third party

change of his or her position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake. *Id.*

⁴⁰ See Lambrecht, *supra* note 35, at 323.

⁴¹ See *Snepp v. United States*, 444 U.S. 507, 509 (1980). The Court enforced a voluntary confidentiality agreement against CIA agent who had undertaken not to publish any material until he had obtained the approval of the CIA. *Id.* Despite the agreement he published a critical book about the CIA activities in South Viet Nam. The Court enforced the confidentiality agreement. *Id.*

⁴² See *Cohen v. Cowles Media Co.* 501 U.S. 663, 669-670 (1991), Newspaper's right to publish limited by confidentiality agreement enforceable under state contract law. *Id.* See also *Seattle Times Co. v. Rhinehart*, 467 U.S. 20, 36 (1984), *Snepp v. United States*, 444 U.S. 507, 509 (1980) (involving the enforcement of confidentiality agreements).

⁴³ See Lambrecht, *supra* note 35, at 323. See also *Microsoft Corp. v. Dr. Kai-Fu Lee and Google Inc.*, No. 052235616SEA (King County Superior Court), available at <http://www.groklaw.net/articlebasic.php?story=20050907054350872> (last visited Oct. 28, 2005) (Microsoft filed a lawsuit against Google for hiring its senior executive in China, to head Google's China operations).

⁴⁴ Lambrecht, *supra* note 35, at 323.

⁴⁵ See *Cohen v. Cowles Media Co.* 501 U.S. 663, 669-670 (1991); *Seattle Times Co. v. Rhinehart*, 467 U.S. 20, 37 (1984); *Snepp v. United States*, 444 U.S. 507, 511-513 (1980).

⁴⁶ See Robert Bone, *A New Look at Trade Secret: Doctrine in Search of Justification*, 86 Cal. L. Rev. 241, 271(1998).

⁴⁷ See Volokh, *supra* note 9, at 741 (2003).

⁴⁸ CAL. CIV. CODE §3426.1(b) (West 2005).

⁴⁹ See Volokh, *supra* note 9, at 741-742.

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publishers who knew or had reason to know that the information was illegally acquired.⁵⁰ But the California Supreme Court held that preliminary injunctions against publication by such third parties did not violate the First Amendment.⁵¹

III. CONFLICT BETWEEN TRADE SECRET LAW AND THE FIRST AMENDMENT

Trade secret law is antithetical to free speech due to its enforced secrecy.⁵² The UTSA is similar to other forms of intellectual property protection in terms of encouraging innovation and protecting investments in research and development of new technology.⁵³ However, unlike other forms of intellectual property protection such as copyright, the UTSA makes little accommodation for the First Amendment rights of the public.⁵⁴

With the growth of the Internet, disclosures of trade secrets are increasing.⁵⁵ This has further accentuated the tension between trade secret law and the First Amendment.⁵⁶ In resolving this conflict, the California Supreme Court's approach in *DVD Copy Control Association v. Bunner*⁵⁷ ("D VDCCA"), diverges from the United States Supreme Court's approach in *New York Times v. United States*⁵⁸ ("Pentagon Papers") and *Bartnicki v. Vopper* ("Bartnicki").⁵⁹ The California Supreme Court favored the economic interests of the trade secret holders in contrast to the United States Supreme Court's decisions upholding the

⁵⁰ See *New York Times Co. v. United States*, 403 U.S. 713, 714 - 724 (1971); *Bartnicki v. Vopper*, 532 U.S. 514, 528-529 (2001).

⁵¹ See *DVD Copy Control Ass'n*, 4 Cal.Rptr.3d at 86.

⁵² See *Lambrech*, *supra* note 35, at 335. See also *Whyte v. Schlage Lock Company*, 101 Cal.App.4th 1443, 1454 (2002). The test for trade secrets is whether the matter sought to be protected is information (1) which is valuable because it is unknown to others and, (2) which the owner has attempted to keep secret. *Id.*

⁵³ See *Kewanee Oil Company v. Bicron Corporation*, 416 U.S. 470, 493 (1974).

⁵⁴ See *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 95 (2003). First, the UTSA lacks any constitutional foundation. *Id.* at 96 (2003). Second, it contains no exception for 'fair use' or any other vehicle for safeguarding First Amendment concerns. *Id.*

⁵⁵ See, e.g., *Religious Tech. Ctr. v. NetCom On-Line Communication Services, Inc.*, 923 F.Supp. 1231(N.D. Cal. 1995); *Religious Tech. Ctr. v. F.A.C.T.Net, Inc.*, 901 F.Supp 1519 (D. Colo. 1995); *RTC v. Lerma*, 908 F. Supp. 1362 (E.D. Va. 1995), *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d 69 (2003); *Ford Motor Company. v. Lane* 67 F.Supp.2d 745 (E.D.Mich.1999) (all involving third party publication of trade secrets on the Internet)

⁵⁶ See *Lambrech*, *supra* note 35, at 335 (1999).

⁵⁷ 4 Cal.Rptr.3d 69 (2003).

⁵⁸ 403 U.S. 713 (1971).

⁵⁹ 532 U.S. 514 (2001).

First Amendment rights of publishers.⁶⁰

A. PENTAGON PAPERS AND THE PUBLICATION OF CONFIDENTIAL INFORMATION

Pentagon Papers is the seminal case establishing the right to publish confidential information.⁶¹ The Supreme Court's decision is especially relevant to the discussion of the validity of preliminary injunctions in trade secret misappropriation cases.⁶²

In *Pentagon Papers*, the Washington Post and the New York Times published excerpts from a top secret Defense Department dossier.⁶³ The document was a classified study called "History of U.S. Decision-Making Process on Viet Nam Policy" commonly known as "The Pentagon Papers."⁶⁴ The newspapers acquired the documents from Daniel Ellsberg.⁶⁵ Ellsberg stole the documents while working for the Rand Corporation.⁶⁶ The government sought federal injunctions to preclude the publication of the documents because of the potential danger to national security.⁶⁷

The Supreme Court, in a per curiam decision, refused to enjoin the newspapers from further publication of the articles.⁶⁸ The majority held that any system of prior restraints bore a "heavy presumption against constitutional validity" and that the government carried "a heavy burden of showing justification for the imposition of such a restraint."⁶⁹

Justice Hugo Black and Justice William Douglas categorically stated that the "press must be free to publish news, whatever the source without censorship, injunctions or prior restraints."⁷⁰ They concluded that open debate and discussion of public issues are vital to our national health.⁷¹ Justice William Brennan refused to grant the injunction, which

⁶⁰ See *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d 69 (2003). Cf. *New York Times Co. v. United States*, 403 U.S. 713 (1971); *Bartnicki v. Vopper*, 532 U.S. 514 (2001 (upholding the First Amendment rights of third party publishers of confidential information).

⁶¹ See Greene, *supra* note 10, at 540.

⁶² *Id.*

⁶³ *New York Times Co.*, 403 U.S. at 714.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ *New York Times Co. v. United States*, 403 U.S. at 714.

⁶⁸ *Id.* Among six judges who voted against a prior restraint, Justices Black and Douglas concurred in one another's opinion, as did Justices White and Stewart as to their opinions. *Id.* Justice Harlan wrote a dissenting opinion which Justices Burger and Blackmun joined. *Id.*

⁶⁹ *New York Times Co. v. United States*, 403 U.S. at 714.

⁷⁰ See *id.* at 714-24. See also Samuelson, *supra* note 12.

⁷¹ *New York Times Co.*, 403 U.S. at 724.

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was “predicated upon surmise or conjecture that untoward consequences may result.”⁷² He recognized, however, that there is a single extremely narrow class of cases in which prior restraints are permitted.⁷³ According to Justice Brennan, only when the nation was at war and the proposed publication would obstruct war effort, could prior restraints be imposed.⁷⁴

Justices Byron White and Potter Stewart, while admitting that the documents could cause substantial damage to public interest, refused to grant the injunction because the Government failed to meet its heavy burden of persuading the court that the injunction was warranted under the circumstances.⁷⁵ However, the dissenters, Chief Justice William Burger and Justice John Harlan, pointed out that the newspapers knew at the time of publishing the Pentagon Papers that the documents were stolen.⁷⁶ Nevertheless, the *Pentagon Papers* Court stated that preliminary injunctions should be disfavored.⁷⁷

The decision is significant, since it supports the recognition of broad First Amendment rights for third party publishers of trade secrets.⁷⁸ The Pentagon Papers, like trade secrets, were confidential and the newspapers did not participate in the initial illegal acquisition, but knew or had reason to know that Ellsberg had obtained them through improper means.⁷⁹ Nevertheless, the Court concluded that preliminary injunctions should be disfavored.⁸⁰

Trade secret cases involving third party publications often involve similar facts.⁸¹ The case is particularly significant for third party publishers of trade secrets such as websites, because it elevates their First Amendment right to publish confidential information over the economic interests of trade secret holders.⁸²

B. BARTNICKI AND THE RIGHT TO PUBLISH CONFIDENTIAL NEWSWORTHY INFORMATION

The Supreme Court’s decision in *Bartnicki*, further supports the

⁷² *Id.* at 726.

⁷³ *Id.*

⁷⁴ *Id.*

⁷⁵ *New York Times Co. v. United States*, 403 U.S. at 731.

⁷⁶ *Id.* at 749.

⁷⁷ *Id.* at 713.

⁷⁸ See Samuelson, *supra* note 12.

⁷⁹ See Samuelson, *supra* note 12.

⁸⁰ *New York Times Co.*, 403 U.S. at 713.

⁸¹ See Samuelson, *supra* note 12.

⁸² *Id.*

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rights of third party publishers of confidential information.⁸³ In *Bartnicki*, the Court refused to grant damages for publication of confidential information obtained in violation of a federal wiretap law.⁸⁴ An unidentified person illegally intercepted and recorded a cell phone conversation between a union negotiator and the union president discussing the status of collective bargaining negotiations that had received a “lot of media attention.”⁸⁵

Defendant Vopper, a radio commentator, received a tape of the intercepted conversation from an anonymous source.⁸⁶ He broadcasted a portion of the conversation on radio.⁸⁷ The conversation revealed that the union negotiator and president were plotting to blow the front porches off the houses of persons who opposed the union.⁸⁸

The Supreme Court held that the application of the wiretap statute to defendant Vopper violated the First Amendment, although he had reason to know that the conversation was illegally taped.⁸⁹ The Court noted that the government had a strong interest in enforcing the law that preserves the privacy of communications.⁹⁰ Nevertheless, the Court concluded that “[t]he enforcement of the [statutes at issue] implicates the core purposes of the First Amendment because it imposes sanctions on the publication of truthful information of public concern.”⁹¹ Thus, the Court held that “privacy concerns have to give way when balanced against the interest in publishing matters of public importance.”⁹²

The Supreme Court’s decisions in *Pentagon Papers* and *Bartnicki* have a limited impact on trade secret cases because (1) the UTSA expressly authorizes the grant of preliminary injunctions in trade secret misappropriation cases, but *Pentagon Papers* did not address the effect of such a statute,⁹³ and (2) in *Bartnicki*, the Supreme Court itself declined to extend its holding to “disclosures of trade secrets or domestic gossip or other information of purely private concern.”⁹⁴

⁸³ *Bartnicki*, 532 U.S. at 528.

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Id.* at 519.

⁸⁸ *Id.*

⁸⁹ *Bartnicki v. Vopper*, 532 U.S. at 533.

⁹⁰ *Id.* at 532.

⁹¹ *Id.* at 533.

⁹² *Id.* at 534.

⁹³ See Samuelson, *supra* note 12. [I]mpact of *Pentagon Papers* on trade secret cases is limited by the lack of a majority opinion and the lack of legislative authority for enjoining the press from publishing confidential information.

⁹⁴ *Bartnicki*, 532 U.S. at 533.

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C. THE CALIFORNIA SUPREME COURT'S APPROACH TO THIRD PARTY PUBLICATION OF TRADE SECRETS

The California Supreme Court's decision in *DVD Copy Control Association v. Bunner* ("DVDCCA") examined the conflict between the First Amendment rights of third party publishers and the economic interests of the trade secret holders.⁹⁵ The court placed the economic interests of the trade secret holders above the First Amendment rights of third party publishers and held that the preliminary injunctions were justified in protecting the economic interests of trade secret holders.⁹⁶

DVDCCA held the trade secret rights in the Content Scramble System (CSS), an encryption program, used to protect DVD movies.⁹⁷ DVDCCA's licensees were required to install CSS in their systems, undertake various security measures to ensure that CSS remained secret, and include in end-user licenses provisions that forbid end-users from reverse-engineering CSS.⁹⁸ Notwithstanding these efforts to keep CSS secret, a teenager named Jon Johansen allegedly reverse engineered CSS in Norway.⁹⁹ Johansen wrote a program, DeCSS, that bypassed CSS and posted the DeCSS on the Internet.¹⁰⁰ In late October 1999, this program was the subject of intense discussion at various Internet sites.¹⁰¹ Numerous participants, including Andrew Bunner, decided to post this program on their websites.¹⁰²

After Bunner and others ignored cease-and-desist letters, DVDCCA sued in California state court.¹⁰³ DVDCCA charged Bunner, twenty other named individuals, and five hundred John Doe defendants, with trade secrecy misappropriation on the ground that Bunner and the other defendants knew or should have known that DeCSS embodied or was substantially derived from stolen trade secrets.¹⁰⁴ The trial court issued a preliminary injunction restraining the defendants from posting or otherwise disclosing the DeCSS program and any other information

⁹⁵ *DVD Copy Control Ass'n v. Bunner*, 4 Cal. Rptr.3d at 75 (2003). See also, Samuelson, *supra* note 12.

⁹⁶ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 75 (2003).

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 76.

¹⁰¹ *Id.*

¹⁰² *DVD Copy Control Ass'n v. Bunner*, 4 Cal. Rptr.3d at 76. See also Samuelson, *supra* note 12. They posted this program as part of a widespread protest against the motion picture industry's efforts to prevent dissemination of this program. *Id.*

¹⁰³ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 78.

¹⁰⁴ *DVD Copy Control Ass'n v. Bunner*, 113 Cal.Rptr.2d 338, 340.

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derived from DVDCCA's proprietary information.¹⁰⁵

On appeal, the California Supreme Court assumed as true the trial court's findings in support of the preliminary injunction.¹⁰⁶ The court assumed that – (1) DVDCCA would prevail on its claims (2) DVDCCA would suffer irreparable harm without injunctive relief and, (3) The injunction would cause minimal harm to Bunner.¹⁰⁷

The court found that the preliminary injunction was content neutral¹⁰⁸ and hence, not a prior restraint, because prior restraints must be content-based.¹⁰⁹ The court conceded that DeCSS, although computer code, was expression and therefore protected speech.¹¹⁰ The court, after claiming to extend First Amendment protection to computer code, only considered whether the UTSA was engaged in viewpoint-based restriction.¹¹¹ Once the court concluded the UTSA was not suppressing a particular viewpoint, it showed no concern with whether the regulation was nevertheless a content-based restriction.¹¹² It simply refused to look at the nature of what was being suppressed by the UTSA, and in the name of protecting property rights adopted intermediate scrutiny.¹¹³ Moreover, the court failed to consider that even if the UTSA is content neutral, a specific preliminary injunction issued under the UTSA is not

¹⁰⁵ *Id.*

¹⁰⁶ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 79.

¹⁰⁷ *Id.*

¹⁰⁸ *See Sable Communications of California, Inc. v. FCC*, 492 U.S. 115, 126 (1989). The first step in the court's First Amendment analysis involves a determination by the court of whether the restriction on expression is content based. *Id.* *See also* Liam Séamus O'Melinn, *The New Software Jurisprudence and the Faltering First Amendment*, 6 Vand. J. Ent. L. & Prac. 310, 318 (2004). Content based restrictions prohibit expression the basis of subject matter, and at their broadest they prohibit discussion of an issue altogether. *Id.* Viewpoint based restrictions, while also content based, and prohibit expression of one viewpoint on a subject while allowing another. *Id.* Both content based and view point based are subject to the highest level of scrutiny - strict scrutiny. *Id.* If a measure is deemed not to be content based or is deemed to be content neutral, then the restriction will usually be adjudicated under a lower less exacting level of scrutiny-intermediate scrutiny. *Id.* Strict scrutiny requires the government to establish it has a compelling interest in the restriction and it has adopted means narrowly tailored to meet that object. Intermediate scrutiny requires that the government's interest be substantial and the restriction not burden more speech than necessary. *Id.*

¹⁰⁹ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 80.

¹¹⁰ *Id.* "Computer code 'is an expressive means for the exchange of information ...we join the other courts that have concluded that computer code, and computer programs constructed from code can merit First Amendment protection.'" *Id.*

¹¹¹ Liam Séamus O'Melinn, *The New Software Jurisprudence and the Faltering First Amendment*, 6 Vand. J. Ent. L. & Prac. 310, 318 (2004). The court actually applied an even less exacting test than intermediate level – something on the order of rational basis, in which any burden on the government is slight. *Id.*

¹¹² *Id.*

¹¹³ *Id.*

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content neutral.¹¹⁴

Applying intermediate scrutiny, the court concluded that the government had a significant interest in protecting the investment of trade secret holders in developing new and innovative products.¹¹⁵ Therefore, third party publishers' First Amendment rights must give way to the government's interests served by the preliminary injunction.¹¹⁶

In reaching its conclusion, the court rejected several decisions holding that preliminary injunctions were unconstitutional even when the publication involved a trade secret.¹¹⁷ The court reasoned that DVDCCA's trade secrets in the CSS technology in the form of computer code conveyed *only* technical information (emphasis in original).¹¹⁸ The information was of interest to only a small niche group of Linux users and not the general public.¹¹⁹ Although, the computer code constituted expressive content, the court found that, in posting the information, Bunner did not intend to participate in any public debate or comment on any public issue.¹²⁰ Consequently, the information addressed matters of purely private concern.¹²¹

The court also concluded that the computer code was not newsworthy because there was no logical nexus between the trade secret the computer code represented, and public interest.¹²² It determined that DVDCCA's trade secrets may have some link to a public issue.¹²³ However, this fact was insufficient for creating a legitimate public interest in their disclosure.¹²⁴ On balance, the court found that the government interest in protecting the property rights of the trade secret

¹¹⁴ See *Org. for a Better Austin v. Keefe*, 402 U.S. 415, 419 (1971) (holding that a prior restraint comes with a "heavy presumption" against its constitutional validity.).

¹¹⁵ *DVD Copy Control Ass'n v. Bunner*, 4 Cal. Rptr.3d at 83.

¹¹⁶ *Id.* at 87.

¹¹⁷ *Id.* See *Oregon ex rel. Sports Mgmt. News v. Nachtigal*, 921 P.2d 1304 (1996). Adidas had persuaded a lower court to issue the injunction to prevent Sports Management News from publishing reports about a new shoe design which Adidas claimed as a trade secret. *Id.* However, the Oregon Supreme Court overturned a preliminary injunction. See also *Ford Motor Co. v. Lane*, 67 F.Supp.2d 745 (1999). (E.D.Mich.1999). Ford Motor Co. lost a motion for a preliminary injunction on First Amendment grounds against Internet postings about unreleased new automobile designs that Ford claimed as trade secrets. *Id.* However, the California Supreme Court found these decisions inapplicable.

¹¹⁸ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 86.

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *DVD Copy Control Ass'n v. Bunner*, 4 Cal. Rptr.3d at 86.

¹²³ *Id.* at 79.

¹²⁴ *Id.*

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holder outweighed Bunner's interest in publication.¹²⁵

The court did leave open the possibility for a narrow exception to grant of preliminary injunctions against third party publishers.¹²⁶ The court's decision seems to suggest that the court would not have granted the injunction if the information published related to a matter of public concern and was newsworthy.¹²⁷ Therefore, if Bunner's posting (1) had mass appeal; (2) contributed to any public debate or commented on any public issue, and (3) was newsworthy, then the court may not have granted the injunction.¹²⁸

IV. THE FEATURES OF A "NEWSWORTHY PUBLIC CONCERN EXCEPTION" TO THE GRANT OF PRELIMINARY INJUNCTIONS

The issue of third party publication of trade secrets has also arisen in the context of Apple's lawsuits against websites and their operators.¹²⁹ Apple's lawsuits provide an opportunity to examine the factors for an exception to the grant of preliminary injunctions. As Apple's lawsuits demonstrate, newsworthiness or mass appeal of a piece of information is necessary but not sufficient for an exception to the grant of preliminary injunctions.¹³⁰ The information must also affect a matter of public concern, namely the health, safety, or well being of the people at large.¹³¹ Therefore, when a trade secret stimulates the interest or curiosity of the public and affects public concern, then preliminary injunctions should not be imposed on the third party publishers of the information.¹³² The

¹²⁵ *Id.* at 87.

¹²⁶ *See id.* at 86.

¹²⁷ *Id.*

¹²⁸ *DVD Copy Control Ass'n v. Bunner*, 4 Cal. Rptr.3d at 86. *See also DVD Copy Control Ass'n v. Bunner*, 10 Cal.Rptr.3d 185 (2004). The California Supreme remanded the case to the Court of Appeal which struck down the injunction as an unconstitutional prior restraint. *Id.* at 195. The Court of Appeal concluded that the DeCSS had lost its status as a trade secret prior to the initiation of lawsuit. *Id.* In addition, defendant Bunner had only republished information already available on other sites. *Id.* at 190. The Court of Appeal concluded that: (1) DVDCCA could not show that it would suffer irreparable harm before obtaining injunction; (2) DVDCCA did not show likelihood of prevailing on merits; and (3) DVDCCA failed to show irreparable harm if injunction were not issued. *Id.* at 192-96. Therefore, the Court of Appeal reversed the order granting preliminary injunction. *Id.* at 195.

¹²⁹ *See*, ThinkSecret, *Complaint*. *See also* Apple Does, *Complaint*.

¹³⁰ *See* Judge Kleinberg, *March 11, 2005, Order after Hearing* *supra* note 19, at 12.

¹³¹ *Id.*

¹³² *See generally* Volokh, *supra* note 9 at 741 (imposing restrictions on third party publication of trade secrets which relate to matters of public concern is a violation of First Amendment). *See also* Eugene Volokh, *Freedom of Speech and Information Privacy: The Troubling Implications of a Right to Stop People from Speaking About You*, 52 Stanford L. Rev. 1049, 1071 (2000) (suggesting a hot news exception as a solution to restrictions on First Amendment rights

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existence of both factors, newsworthiness and public concern, would contribute to protecting the First Amendment rights of third party publishers and welfare of the public at large without indiscriminately exposing trade secrets.¹³³

A. APPLE'S LAWSUITS AGAINST WEBSITES FOR PUBLICATION OF TRADE SECRETS

Apple filed two lawsuits, both involving the third party disclosure of trade secrets on the Internet.¹³⁴ Apple filed a lawsuit against several unnamed defendants for posting an exact copy of a detailed drawing of "Asteroid" created by Apple.¹³⁵ The drawing was taken from a confidential set of slides clearly labeled "Apple-Need-to-Know Confidential."¹³⁶ In addition, "technical specifications were copied verbatim from confidential slide set and posted on the Internet."¹³⁷ Apple subpoenaed three websites, Apple Insider, PowerPage and ThinkSecret, to produce their confidential sources.¹³⁸ In permitting the discovery of confidential sources, the trial court held that trade secret law applies to everyone regardless of their status, title, or chosen profession.¹³⁹ The court also held that the compelling interest in protecting trade secrets outweighed any First Amendment rights of the websites.¹⁴⁰ As a result, the court concluded that verbatim posting of the information served no public interest and denied the protective order sought by the websites.¹⁴¹ The trial court reasoned that "an interested public is not the same as public interest."¹⁴²

In another lawsuit against the website ThinkSecret, Apple sought preliminary and permanent injunctions and damages for the publication of its future product information.¹⁴³ ThinkSecret printed three articles about the headless iMAC and iWork office suite prior to the actual announcement to the public at the iMac Exhibition.¹⁴⁴ Although the

based on information privacy.)

¹³³ See Volokh, *supra* note 9, at 745-46.

¹³⁴ See Apple Does, Complaint and ThinkSecret, Complaint.

¹³⁵ Judge Kleinberg, *March 11, 2005, Order after Hearing*, *supra* note 19, at 6.

¹³⁶ *Id.* at 2-3.

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ See *id.* at 8-9.

¹⁴⁰ See *id.* at 11-12.

¹⁴¹ *Id.*

¹⁴² *Id.* at 12.

¹⁴³ ThinkSecret, *Complaint*, *supra* note 3, at 18.

¹⁴⁴ *Id.*

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website obtained the information from an anonymous source, Apple alleged that the information was obtained through improper means.¹⁴⁵ Thus, Apple's second lawsuit also involved the third party publication of trade secrets.¹⁴⁶ In all probability, the trial court's decision will be similar to its decision in Apple's first lawsuit.¹⁴⁷

B. THE FEATURES OF A "NEWSWORTHY PUBLIC CONCERN EXCEPTION"

The trial court in Apple's case stated that "an interested public is not the same as public interest."¹⁴⁸ This statement warrants further discussion about the features of a "newsworthy public concern exception".¹⁴⁹ First, the exception cannot be applied if the third party is also involved in the initial misappropriation of the trade secret.¹⁵⁰ Such a limitation on the application of the exception is necessary to ensure efficiency of the creative processes of trade secret holders.¹⁵¹ Second, the information must be newsworthy.¹⁵² Finally, the information must affect the welfare of the general public.¹⁵³ Reliance on the newsworthiness of the information, without more, would be as harmful to the public as a policy of prohibiting disclosure in all situations.¹⁵⁴

1. *Public-Concern – A Tort Law Analogy*

In applying the "newsworthy public concern exception" exception the courts would benefit from tort law cases where a "public necessity" exception is used to resolve the conflict between the property rights of private parties and welfare of the public.¹⁵⁵

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ See John Gruber, *On The Credibility of the New York Times*, available at: http://daringfireball.net/2005/03/new_york_times (last visited Oct. 28, 2005)

¹⁴⁸ See Judge Kleinberg, *March 11, 2005, Order after Hearing*, *supra* note 19, at 12.

¹⁴⁹ *Id.*

¹⁵⁰ See Samuelson, *supra* note 12.

¹⁵¹ See *id.*

¹⁵² See *DVD Copy Control Ass'n*, 4 Cal. Rptr. 3d at 87.

¹⁵³ See Volokh, *supra* note 132 at 741.

¹⁵⁴ See Judge Kleinberg, *March 11, 2005, Order after Hearing*, *supra* note 19, at 11-12.

¹⁵⁵ See Bone, *supra* note 46, at 271. Not only is trade secret law classified with other intellectual property laws, but trade secrets themselves are treated as property capable of free transfer and devise. *Id.* See *Carpenter v. United States*, 484 U.S. 19, 25-28 (1987) (finding that confidential information is "property" for purposes of a criminal conviction under the federal mail and wire fraud statute); *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1002-04 (1984) (holding that trade secrets are "property" for purposes of the Constitution's prohibition against takings without just

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Tort law recognizes a public-concern exception even where the interests of a private party are significantly affected.¹⁵⁶ In *Surroco v. Geary*, the California Supreme Court recognized the concept of “public necessity.”¹⁵⁷ The plaintiff’s house was blown up to prevent the spread of fire that would have destroyed several other properties on the block.¹⁵⁸ In refusing to award damages the court held that “the individual rights of property give way to the higher laws of impending necessity.”¹⁵⁹

Similarly, in defamation cases the U.S. Supreme Court recognized a public concern exception to the common law rule not requiring the private plaintiff to show actual malice.¹⁶⁰ The Court found that the First Amendment requires a higher burden of proof when the plaintiff seeks to enjoin the media defendant from publishing information of public concern.¹⁶¹ Likewise, the individual property rights of trade secret holders must give way to the greater need of the public in certain situations.

2. *Third Party Involvement In The Initial Misappropriation Of The Trade Secret Vitiates The Application Of The Exception*

As stated, the UTSA permits injunctions and damages against third party publishers if they knew or had reason to know that the information was obtained illegally.¹⁶² In *DVDCCA*, the California Supreme Court equated such publishers to receivers of stolen property.¹⁶³ The rationale is to prevent the “laundering” of misappropriated information.¹⁶⁴ If a third party were not also held liable, a misappropriator would attempt to publicize the information by disclosing it to third parties.¹⁶⁵ Once the information is widely disclosed, the information is no longer a trade secret and the misappropriator could thus insulate himself from

compensation); *See also Surroco v. Geary*, 3 Cal. 69 (1853) (establishing the doctrine of public necessity).

¹⁵⁶ *See Surroco v. Geary*, 3 Cal. 69 (1853).

¹⁵⁷ *Id.* at 73.

¹⁵⁸ *Id.* at 70.

¹⁵⁹ *Id.* at 73.

¹⁶⁰ *See generally New York Times Co. v. Sullivan*, 376 U.S. 254 (1964)(holding that in cases involving matters of public concern, the private plaintiff must prove actual malice by a clear and convincing evidence to succeed.)

¹⁶¹ *Id.*

¹⁶² CAL. CIV. CODE §3426.1(b) (West 2005).

¹⁶³ *DVD Copy Control Assn. v. Bunner*, 4 Cal.Rptr.3d 69, 86 (2003).

¹⁶⁴ Samuelson, *supra* note 12.

¹⁶⁵ *Id.*

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liability.¹⁶⁶ If the third party were also held liable, the incentive to rapidly disseminate the trade secret is abated.¹⁶⁷

In *Bartnicki*,¹⁶⁸ as in *Pentagon Papers*¹⁶⁹ before it, the United States Supreme Court refused to hold the third party publisher liable, even though the publisher knew or had reason to know that the information was obtained illegally.¹⁷⁰ In *DVDCCA*, the California Supreme Court erroneously assumed that website operator Bunner knew or had reason to know that the information was a trade secret.¹⁷¹ Still, the court correctly focused its main inquiry on the constitutionality of the preliminary injunction.¹⁷² The court considered whether there was sufficient public interest in publication so as to preclude the preliminary injunction.¹⁷³ Like *Bartnicki*,¹⁷⁴ *DVDCCA* does not hold a third party publisher liable simply because the publisher knew or had reason to know that the information was a result of a breach of duty.¹⁷⁵ So long as the third party publisher was not involved in initial misappropriation, the fact that the publisher knew or had reason to know should not restrict the application of the newsworthy- public-concern exception.¹⁷⁶

3. Information With A Logical Nexus To Public Interest Is Newsworthy

In *DVDCCA*, the court also stated that “the publication of private information is only newsworthy if there is a logical nexus between the information and a matter of legitimate public interest.”¹⁷⁷ In addition to the requirement that the information not be “generally known,” which arguably makes it newsworthy, the content must also involve an issue of public concern.¹⁷⁸

What constitutes “public concern” is difficult to define.¹⁷⁹ In

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ *Bartnicki v. Vopper*, 532 U.S. 514, 515 (2001).

¹⁶⁹ *New York Times Co. v. United States*, 403 U.S. 713, 714 (1971)

¹⁷⁰ See *supra* notes 61-92 and accompanying text.

¹⁷¹ See *DVD Copy Control Ass'n*, 4 Cal. Rptr. 3d at 79; see also *DVD Copy Control Ass'n v. Bunner*, 116 Cal. App.4th 241 (2004) (On remand, the Court of Appeal found that since CSS code was widely available even before Bunner published it on his website, he was not guilty of misappropriating the DVDCCA's trade secret.)

¹⁷² *DVD Copy Control Ass'n*, 4 Cal.Rptr.3d at 79.

¹⁷³ See *supra* note 120 and accompanying text.

¹⁷⁴ *Bartnicki*, 532 U.S. at 515.

¹⁷⁵ See *supra* note 128 and accompanying text.

¹⁷⁶ See Volokh, *supra* note 132, at 743.

¹⁷⁷ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 84.

¹⁷⁸ See Volokh, *supra* note 132, at 741.

¹⁷⁹ See Volokh, *supra* note 9, at 743.

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Apple's lawsuit against ThinkSecret, the posting of information concerning Apple's new products did not meet the exception.¹⁸⁰ Although information about new products was newsworthy, it did not meet the public concern element.¹⁸¹ The aim of the posting was to satisfy the curiosity of the public concerning new products rather than to contribute to a discussion of an issue of public importance,¹⁸² therefore, the "newsworthy public concern exception" would not apply.

Likewise, in *DVDCCA* the court dismissed the publication of DeCSS as a matter of private concern of interest only to computer encryption enthusiasts.¹⁸³ However, the court's conception of what constitutes matters of public concern is flawed.¹⁸⁴ Characterizing trade secrets as relating to matters of "purely private concern" is erroneous.¹⁸⁵ Trade secrets can often be matters of significant public concern to a company's employee, customers, neighbors, or regulators.¹⁸⁶ The court's dictum would lead to a ban on third party publication of trade secrets based on an unsupported assertion of their inherent "private concern" status.¹⁸⁷

The court's notion of public concern would necessarily exclude scientific information published in scientific journals.¹⁸⁸ This information would garner less protection because it is merely of private concern and would only appeal to a select group of computer scientists.¹⁸⁹

The court would similarly hold that information concerning a vaccine for AIDS or cancer that stems from a trade secret is not entitled to protection under a public concern exception, despite the tremendous public necessity for the information, because the information is technical and would appeal only to biologists.¹⁹⁰

A determination of the public concern element clearly depends on the facts of each case and courts should not be too quick to dismiss product and technical information as lacking public concern.¹⁹¹ A discussion of purely scientific issues is of no less public concern than a

¹⁸⁰ See *supra* notes 141-142 and accompanying text.

¹⁸¹ See Judge Kleinberg, *March 11, 2005, Order after Hearing*, *supra* note 19, at 11-12.

¹⁸² *Id.*

¹⁸³ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 86.

¹⁸⁴ See Volokh, *supra* note 9, at 743.

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

¹⁸⁷ *Id.*

¹⁸⁸ *Id.* at 746.

¹⁸⁹ *Id.*

¹⁹⁰ *Id.*

¹⁹¹ *Id.*

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discussion of politics, because scientific and political issues are often interrelated.¹⁹² Therefore, a balanced approach is important in the interest of equity because preliminary injunctions are pretrial relief and, if granted liberally, may morph into prior restraints.¹⁹³

IV. RATIONALE FOR A “NEWSWORTHY PUBLIC CONCERN EXCEPTION” FOR THIRD PARTY PUBLICATION OF TRADE SECRETS

The recognition of a “newsworthy public concern exception” to trade secret law is important for several reasons. Preliminary injunctions are granted before the trade secret holder can establish that the information is indeed a trade secret.¹⁹⁴ Consequently, the court in granting injunctions may be suppressing potentially protected speech based on “surmise and conjecture.”¹⁹⁵ Injunctions are an easy tool for trade secret holders who want to prevent certain negative information about their products from reaching the public.¹⁹⁶ Through the devices of preliminary injunctions trade secret holders can suppress the views of third party publishers, throttle a source of information, and keep the public ignorant about information affecting their welfare. A newsworthy- public-concern exception is necessary to prevent trade secret holders from controlling the content and flow of certain information on the Internet.

A. REDUCING THE CHILLING EFFECT OF TRADE SECRET LAW ON EXPRESSION IN THE PUBLIC DOMAIN

Preliminary injunctions have a definite chilling effect on speech because they are granted before a full trial on the merits.¹⁹⁷ The special vice of a preliminary injunction is that it is a prior restraint and suppresses communication, either directly or indirectly, by inducing excessive caution in the speaker.¹⁹⁸ Consequently, potentially protected speech will be enjoined prior to adjudication on the merits of the

¹⁹² *Id.*

¹⁹³ See *supra* note 108-109 and accompanying text.

¹⁹⁴ See generally Bone, *supra* note 46, at 271. (arguing that trade secret law is justified only when it protects pre-patent information).

¹⁹⁵ See *supra* note 72 and accompanying text.

¹⁹⁶ See CAL CIV. CODE § 3426.1 (West 2005). *Senate Legislative Committee Comments*, Added by Stats.1984, c. 1724, § 1. Amended by Stats.1994, c. 1010 (S.B.2053), § 54.

¹⁹⁷ See *DVD Copy Control Ass'n v. Bunner*, 4 Cal. Rptr.3d, 69, 93 (2003) (Moreno, J., concurring).

¹⁹⁸ *Pittsburgh Press Co. v. The Pittsburgh Comm'n on Human Relations*, 413 U.S. 376, 390 (1973).

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publisher's First Amendment claims.¹⁹⁹

Moreover, injunctions against publication of information concerning new products have the effect of keeping consumers in the dark about these new products and technologies.²⁰⁰ Information such as defects in the products, potential effects of using drugs, a comparison of new products to existing products, policies concerning the marketing of these products to particular groups of people such as children, warnings about negative effects, etc., are of significance to the public and should not be suppressed.²⁰¹

Injunctions against third party publishers that provide the public with such information smother discussion, comment, criticism, and debate.²⁰² Courts should not become accessories of big corporations that want to avoid bad publicity by controlling the product or technology information under the rubric of trade secret. In particular, small website publishers will be susceptible to corporations' demand to remove, or even refrain from posting the information.²⁰³ In considering corporations' pretrial requests to compel websites to remove any "offending" messages, courts should if possible avoid granting preliminary injunctions in favor of awarding damages after trial.²⁰⁴

Apple, for instance routinely sends "cease-and-desist" letters to websites and their Internet Service Provider ("ISP") when they believe that certain proprietary information has been disclosed on the Internet.²⁰⁵ For example, in July 2000, MacInTouch published rumors regarding upcoming Apple products set to be announced at that summer's Macworld Expo in New York.²⁰⁶ Apple Legal sent a cease-and-desist

¹⁹⁹ *Id.* See also Lemley & Volokh, *Free Speech and Injunctions in Intellectual Property Cases*, 48 Duke L.J. 147, 158-164, 216-224 (1998) (arguing that an important purpose of prior restraint doctrine should be curtailing premature censorship of potentially protected speech through preliminary injunctions); Martin H. Redish, *The Proper Role of the Prior Restraint Doctrine in First Amendment Theory*, 70 Va. L. Rev. 53, 87-88 (1984) (arguing that the prior restraint doctrine recognizes that interim equitable relief poses a particular danger to First Amendment rights.)

²⁰⁰ See generally Volokh, *supra* note 9; Greene, *supra* note 10.

²⁰¹ See Volokh, *supra* note 9, at 746.

²⁰² See *id.*

²⁰³ See John Gruber, *Plugged Leaks*, available at: http://daringfireball.net/2005/07/plugged_leaks (last visited Oct. 28, 2005).

²⁰⁴ See Greene, *supra* note 10.

²⁰⁵ See *supra* note 203 and accompanying text. When a rumor site publishes screenshots of unreleased Apple software, Apple's lawyers send a friendly cease-and-desist letter: "Take down these images, and we'll call it even." *Id.* These cease-and-desist letters are such a regular occurrence that they've turned into an unofficial gauge of accuracy — if a rumor is posted with screenshots of unreleased Apple software, and the site does *not* receive a letter from Apple Legal, then the images are widely regarded as fakes. *Id.*

²⁰⁶ *Id.*

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letter, demanding the site remove the information and also sent a letter to MacInTouch's ISP.²⁰⁷ The website complied with Apple's request solely to avoid the legal cost of fighting it.²⁰⁸

Similarly, Apple sent several "cease-and-desist" letters to ThinkSecert before filing their lawsuit.²⁰⁹ The successful application of a preliminary injunction against ThinkSecret enables Apple to send a strong message to other such websites posting information about their products.²¹⁰ The effect is that websites, unwilling to pursue litigation, will comply merely because Apple claimed that the information was a trade secret.²¹¹

Thus, trade secret holders have the power, inside and outside the courtroom, to control the content and flow of information concerning their product. A "newsworthy public concern exception" would significantly diminish the effect of such cease-and-desist letters and prevent trade secret holders from censoring content on the Internet.

B. PREVENTING THE SUPPRESSION OF THE THIRD PARTY PUBLISHER'S VIEWPOINT

In *DVDCCA*, the California Supreme Court concluded that the injunctive remedy granted under trade secret law is content neutral.²¹² Generally, preliminary injunctions can suppress the viewpoint of third party publishers.²¹³ Specifically, trade secret holders can constrain or eliminate information that would unpredictably affect the demand for their products, before actual release, through preliminary injunctions.²¹⁴ The injunctions thus enable corporations to shape information or its content in a most advantageous way at a most convenient time.²¹⁵ While the trade secret holders' investments are protected, the interests of the public and third party publishers are compromised.²¹⁶

In *DVDCCA*, the court stated that the injunction would not hamper Bunner's ability to "discuss and debate" the issues in "an educational, scientific, philosophical and political context."²¹⁷ However, technical

²⁰⁷ *Id.*

²⁰⁸ *Id.*

²⁰⁹ ThinkSecret, *Complaint*, *supra* note 3, at 11.

²¹⁰ See Gruber, *supra* note 203.

²¹¹ *Id.*

²¹² *DVD Copy Control Ass'n v. Bunner*, 4 Cal. Rptr.3d 69, 88 (2003).

²¹³ See Volokh, *supra* note 9, at 746.

²¹⁴ *Id.*

²¹⁵ *Id.*

²¹⁶ *Id.*

²¹⁷ *DVD Copy Control Ass'n*, 4 Cal. Rptr.3d at 87.

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information is often expressed in a particular format – in code, data, figures, and formulae.²¹⁸ An effective discussion would be hampered if the third party was precluded from using those forms of expressions to communicate ideas.²¹⁹

A “newsworthy public concern exception” would help correct the imbalance favoring the rights of trade secret holders and, at the same time, preserve the right of the public to monitor an organization’s practices, policies and the quality of their products and services.²²⁰

Arguably, publication of Apple’s future product information failed to meet the public concern element.²²¹ While the public was certainly “interested” in the information, the “interest” was mere curiosity.²²² Moreover, the disclosure did not affect the welfare of the public.²²³

On the other hand, publication of the negative effects of a drug suppressed by a trade secret holder would qualify for the “newsworthy public concern exception”. Pharmaceutical companies often market drugs, with significant side effects, directly to consumers.²²⁴ For instance, during the recent Vioxx trials in Texas, it was revealed that Merck’s executives knew that Vioxx increased the risk of cardiac arrests as early as 1997, but continued to aggressively market the drug as safe.²²⁵

The public would benefit from information about the harmful effects of drugs or the illegal promotion of drugs for unauthorized uses,²²⁶ but, the UTSA and the FDA regulations enable drug companies to withhold information affecting the health of people under the guise of trade secrets.²²⁷ The expansive definition of “trade secrets” adopted by the UTSA extends protection to a plaintiff who has not yet had an

²¹⁸ Volokh, *supra* note 9 at 741.

²¹⁹ *Id.*

²²⁰ *Id.*

²²¹ See Judge Kleinberg, *March 11, 2005, Order after Hearing*, *supra* note 124, at 11-12.

²²² *Id.* at 12.

²²³ *Id.* at 13.

²²⁴ See Marcia Angell, *The Truth About Drug Companies*, available at: <http://www.nybooks.com/articles/17244#fn3> (last visited Sept. 17, 2005).

²²⁵ See Anna W. Mathews & Barbara Martinez, *Leaked Documents Show Merck Knew of Vioxx Dangers*, available at: <http://www.newstarget.com/01613.html> (last visited Nov. 15, 2005).

²²⁶ *Id.*

²²⁷ See *Was Traci Johnson Driven to Suicide by Anti-Depressants? That’s a Trade Secret, Say US Officials*, THE INDEPENDENT (London), June 19, 2005, available at http://news.independent.co.uk/uk/health_medical/article226432.ece; *But cf. Protecting Trade Secrets and Other Intellectual Property in Drug and Medical Device Litigation*, Rx for the Defense, Winter 2004, Orrick Herrington and Sutcliffe available at LEXIS, News Library (arguing that such protection is necessary to foster investment in research and development and prevent competitors from plagiarizing technology.)

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opportunity or acquired the means to put a trade secret to use.²²⁸ The definition includes information that has commercial value from a negative viewpoint, such as the results of lengthy and expensive research which proves that a certain process will *not* work and which could be of great value to a competitor.²²⁹

Recognition of a “newsworthy public concern exception” is necessary in such situations because of the vital importance of the disclosure.²³⁰ While the disclosure may cause significant losses to the pharmaceutical company, the public’s concern about the information outweighs the purely commercial interests in retaining the information as a trade secret.²³¹

Even where the publication of proprietary information would cause significant loss to companies, courts have refused to enjoin publication of such information in traditional media when it relates to a matter of public concern.²³² In *CBS, Inc. v. Davis*, the United States Supreme Court reversed a district court decision granting a preliminary injunction prohibiting CBS from airing video footage taken at the factory of Federal Beef Processors, Inc.²³³ The district court granted the injunction because the tape disclosed the company’s “confidential and proprietary practices and processes.”²³⁴ In striking down the injunction, Justice Blackmun held that the transmission addressed a matter of public concern and the injunction would be an unconstitutional prior restraint.²³⁵

The same standard set forth in *CBS* should apply to Apple’s case against ThinkSecret. If the public’s interest in Apple’s new products is mere curiosity, then publication of the information that constitutes that trade secret should be properly enjoined, even though it is newsworthy.²³⁶ On the other hand, if the public concern is sufficiently great, then the court should apply the “newsworthy public concern exception” and deny the issuance of a preliminary injunction.

²²⁸ CAL CIV. CODE § 3426.1 (West 2005). *Senate Legislative Committee Comments*, Added by Stats.1984, c. 1724, § 1. Amended by Stats.1994, c. 1010 (S.B.2053), § 54.

²²⁹ *Id.*

²³⁰ See Volokh, *supra* note 9, at 748.

²³¹ *Id.*

²³² See *New York Times Co.*, 403 U.S. 713, 714 (1971); see also *Bartnicki v. Vopper*, 532 U.S. 514, 515 (2001).

²³³ *CBS, Inc. v. Davis*, 510 U.S. 1315, 1325 (1994).

²³⁴ *Id.*

²³⁵ *Id.*

²³⁶ See Judge Kleinberg, *March 11, 2005, Order after Hearing*, *supra* note 19, at 12.

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C. PREVENTING CONCEALMENT OF INFORMATION AFFECTING PUBLIC CONCERN

Article I of the U.S. Constitution explicitly grants Congress the power “to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”²³⁷ Other forms of intellectual property rights such as patent and copyright expire after a definite period of time.²³⁸ In addition, copyright law recognizes a “fair use exception.”²³⁹

In contrast, the UTSA lacks a constitutional foundation and fails to make any accommodation for the First Amendment rights of third party publishers.²⁴⁰ The law makes no exception for the disclosure of information under any circumstances.²⁴¹ Furthermore, it permits the trade secret holder to keep the information secret indefinitely, thereby depriving the public from accessing the information forever.²⁴²

The classic trade secret example is the formula for making Coca-Cola.²⁴³ Critics of a public concern exception cite the losses that Coca-Cola would sustain if its formula were disclosed.²⁴⁴ In fact, Coca-Cola is a good example for the recognition of a newsworthy- public-concern exception. “The original Coca-Cola was a late-nineteenth-century concoction known as Pemberton’s French Wine Coca, a mixture of

²³⁷ U.S. CONST. art. I, § 8 cl. 8.

²³⁸ Utility patents and plant patents expire 20 years from the date of filing of the earliest application subject to the payment of maintenance fees. <http://www.uspto.gov/web/offices/pac/doc/general/index.html> (last visited Feb. 26, 2006). Design patents last 14 years from the date of issuance. Trademarks expire 10 years after the registration with the United States Patent and Trademark Office. *Id.* Copyright terms vary from 28 to 120 years depending on the date of publication of the work. *Id.*

²³⁹ The ‘fair use’ exception permits copying and use of a copyrighted work ‘for purposes such as criticism, comment, news reporting, teaching ...scholarship, or research’ under certain circumstances. 17 U.S.C. § 107. It ‘offers a means of balancing the exclusive rights of a copyright holder with the public’s interest in dissemination of information affecting areas of universal concern, such as art, science and industry. *DVD Copy Control Ass’n v. Bunner* 4 Cal. Rptr.3d 69, 96 (2003). Injunctions in copyright infringement cases have been upheld ‘on the ground that First Amendment concerns are protected by and coextensive with the [Copyright Act’s] fair use doctrine.’ *Id.*

²⁴⁰ *DVD Copy Control Association v. Bunner*, 113 Cal.Rptr.2d 338, 349.

²⁴¹ *DVD Copy Control Ass’n*, 4 Cal. Rptr.3d at 96.

²⁴² *DVD Copy Control Ass’n*, 113 Cal. Rptr.2d at 350.

²⁴³ See Atkins, *supra* note 15, at 1152.

²⁴⁴ *Id.* A corporation suffers the same harm as individuals; in fact, corporations may have much more to lose than individuals. The damage to individuals is often temporary, whereas a corporation may suffer permanent damage from appropriation of its identity if its trade secret is lost on the Internet. Consider, for instance, the damage that Coca-Cola would suffer if its secret formula were published on the Internet and others were free to appropriate it. *Id.*

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alcohol, the caffeine-rich kola nut, and coca, the raw ingredient of cocaine.²⁴⁵ Due to public pressure the cocaine content was dropped in 1903.²⁴⁶ Despite the change in one of its essential ingredients, Coca-Cola continued to thrive.²⁴⁷

If the formula for Coca-Cola were never revealed, then the public would never have known that the drink contained cocaine and could never have forced Coca-Cola to remove the harmful ingredient. Therefore, the “newsworthy public concern exception” is necessary for formulating policies and passing laws to protect the public from harmful practices that companies would indulge in to maximize their profits.

While information is eventually disclosed to the public under patent and copyright law, a trade secret keeps valuable information from the public for an indefinite period.²⁴⁸ For example, the UTSA enables an oil company that has developed an alternative source of energy to deliberately suppress that information to capitalize on its profits from oil and natural gas.²⁴⁹ If disclosed, the information would probably be of great benefit to the public.²⁵⁰ The company derives profit from keeping this information secret and the UTSA permits the company to conceal this information indefinitely, or until it decides the time is right to exploit the information.²⁵¹ The UTSA also permits the company to seek injunctions against third party publishers who reveal this information to the public.²⁵²

In such situations, a “newsworthy public concern exception” would enable the public to force law makers to develop policies or provide subsidies for exploiting technology to ease the dependence on traditional fossil fuels. The absence of this exception benefits the trade secret holder at the cost of the society in general. Thus, the secrecy that benefits the holder engenders great social cost at the expense of others. A “newsworthy public concern exception” that allows the publication of trade secrets helps to diminish the negative effects of such secrecy.

²⁴⁵ See articles from the New Yorker, July 30, 2001, available at: http://www.gladwell.com/2001/2001_07_30_a_java.htm.

²⁴⁶ *Id.*

²⁴⁷ *Id.*

²⁴⁸ See *supra* notes 238-242 and accompanying text.

²⁴⁹ See Volokh, *supra* note 9, at 747.

²⁵⁰ *Id.*

²⁵¹ See CAL CIV. CODE § 3426.1 (West 2005). *Senate Legislative Committee Comments*, Added by Stats.1984, c. 1724, § 1. Amended by Stats.1994, c. 1010 (S.B.2053), § 54.

²⁵² *Id.*

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V. CONCLUSION

The “newsworthy public concern exception” is justified by the “profound national commitment to the principle that debate on public issues should be uninhibited, robust and wide-open. . . .”²⁵³ The UTSA, however, inhibits this debate by adopting an expansive definition of trade secret, encompassing a wide range of information and permitting trade secret holders to keep information secret forever.²⁵⁴ Trade secret law also authorizes the issuance of preliminary injunctions for unauthorized disclosures of trade secrets.²⁵⁵ Preliminary injunctions issued after an abbreviated judicial inquiry further aggravate the inhibiting effect of trade secret law.²⁵⁶

The application of these injunctions against third party publishers such as websites, are a violation of their First Amendment rights.²⁵⁷ The injunctions are not justified even when the third party publishers knew or had reason to know that the information was a trade secret because they are not in privity with the trade secret holder and owe no duty of secrecy.²⁵⁸

A “newsworthy public concern exception” to the grant of preliminary injunctions against such third party publishers is necessary to protect their First Amendment rights.²⁵⁹ The exception is also necessary for the welfare of the general public because it brings to light negative information deliberately suppressed by a trade secret holder.²⁶⁰ A “newsworthy public concern exception” also enables the public to monitor the activities of companies and to develop policies for the greater good of society.²⁶¹

The cost of recognizing the exception would be borne by trade secret holders.²⁶² To ensure that the interests of trade secret holders are not jeopardized, the exception must be applied only when a third party publisher was not complicit in the initial misappropriation.²⁶³ Moreover the exception may be applied only where the information published is

²⁵³ *New York Times Co. v. Sullivan*, 376 U.S. 254, 270 (1964).

²⁵⁴ *See supra* notes 31-34 and accompanying text.

²⁵⁵ *See supra* note 18 and accompanying text.

²⁵⁶ *See supra* notes 194-196 and accompanying text.

²⁵⁷ *See supra* note 39-51 and accompanying text.

²⁵⁸ *See supra* notes 52-92 and accompanying text.

²⁵⁹ *See supra* note 197-211 and accompanying text.

²⁶⁰ *See supra* note 237-252 and accompanying text.

²⁶¹ *See supra* note 212-236 and accompanying text.

²⁶² *See supra* notes 162-176 and accompanying text.

²⁶³ *See id.*

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both newsworthy and affects public concern.²⁶⁴

Therefore a “newsworthy public concern exception” to the grant of preliminary injunctions against third party publishers of trade secrets is justified both by the publishers’ right to publish and the public’s need to know.

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²⁶⁴ See *supra* note 177-193 and accompanying text.

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