

***LEJEUNE V. COIN ACCEPTORS, INC.****849 A.2d 451 (Md. 2004)*

The Maryland Court of Appeals vacated a preliminary injunction against an ex-employee and rejected application of the trade secret doctrine of inevitable disclosure.

Coin Acceptors, Inc. (“Coinco”) was in the currency acceptor industry. LeJeune was an employee for Coinco for ten years, during which time LeJeune never entered into a noncompete or confidentiality agreement. Coinco’s primary competitor, Mars, subsequently hired LeJeune. Before leaving, LeJeune transferred numerous Coinco files onto a CD and retained hard copies of a number of files, including pricing and cost information. Coinco filed suit, claiming misappropriation of trade secrets under the Maryland Uniform Trade Secrets Act (MUTSA).

The trial court found that Coinco was likely to succeed on the merits of its claims of misappropriation of trade secrets, and granted Coinco a preliminary injunction against LeJeune that prohibited him from using or disclosing any of Coinco’s trade secrets, and from “working for Mars in any area in which he would have to use or disclose Coinco’s confidential and trade secret information.” This grant of injunctive relief was based on the theory of inevitable disclosure, which had been applied in courts outside of Maryland but never relied on in an action under the MUTSA.

The court of appeals agreed with the trial court that the information copied and taken by LeJeune qualified as trade secrets and that LeJeune had misappropriated this information, but rejected the inevitable disclosure doctrine and thus vacated the preliminary injunction. The court first noted that an injunction is only appropriate to prevent future acquisition or disclosure of trade secrets, not as a remedy for past misappropriation, and furthermore that Coinco had presented no proof of threat of future acquisition or disclosure of trade secrets. The court then reasoned that allowing a company to obtain an injunction based on the inevitable disclosure theory would be unfair, in that it would allow a company to effectively obtain an after-the-fact noncompetition or nondisclosure agreement where one had not been expressly negotiated as part of the employment contract. A company could still, under the MUTSA, obtain an injunction by presenting actual proof of threatened acquisition or disclosure of trade secrets.

