

Summary of Trade-Secret Misappropriation Claims Under the *Tennessee Uniform Trade Secrets Act*

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Like 47 other States, Tennessee adopted a modified version of the *Uniform Trade Secrets Act* (“UTSA”), which became the *Tennessee Uniform Trade Secret Act* (“TUTSA”), *Tenn. Code Ann. § 47-25-1701, et. seq.* The TN statute protects against trade-secret misappropriation. TUTSA has a 3-year statute of limitations, running from the misappropriation date. *§47-25-1707.*

In TUTSA, a trade secret is broadly defined to include:

information without regard to form, including, but not limited to, technical, nontechnical or financial data, a formula, pattern, compilation, program, device, method, technique, process, or plan that (1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Tenn. Code Ann. § 47-25-1702(4).

Under TUTSA, if an employee knows or has reason to know that a trade secret was acquired under an obligation to maintain the secrecy of the trade secret or to restrict the use of the trade secret, then it is misappropriation for the employee to disclose or use the trade secret. *§ 47-25-1702(2).*

When the former employer sues for trade-secret misappropriation under TUTSA, it can seek injunctive relief against further misappropriation by the departed employee (a TRO, a preliminary injunction, and/or a permanent injunction), as well as monetary damages for the misappropriation. If the former employer can prove malice or willfulness, it may be able to obtain attorney fees, as well as exemplary damages of up to triple the actual damages. *§§ 47-25-1704-1705. See Hamilton-Ryker v. Keymon*, 2010 Tenn. App. LEXIS 55 (Tenn. Ct. App. 2010) (broad definition of trade secret upheld: “...even if Keymon could have obtained individual pieces of information by other means, the integration and aggregation of it may be deemed confidential or a trade secret”; double damages of almost a million dollars, upheld, because departed employee had acted willfully and maliciously).