

Case Summary

SKF USA Inc. v. Bjerkness

2010 U.S. Dist. LEXIS 80776 (N.D. Ill. August 9, 2010)

Plaintiff Awarded More than \$80,000 for the Misappropriation of Trade Secrets

The Northern District of Illinois ordered compensatory and exemplary damage awards totaling more than \$80,000 for the misappropriation of trade secrets contained within the thousands of computer files defendants stole from their former employer.

Defendant Dale Bjerkness left his employment at plaintiff SKF USA Inc. in May 2008 to start a competing company, Equipment Reliability Services, Inc. (ERSI). Three additional SKF employees followed Bjerkness to ERSI in the subsequent two months. Before leaving SKF, each of the four copied thousands of computer files from SKF computers onto external hard drives, flash drives, and CDs. These files contained important SKF data, including price quotes, customer databases, reports, and training materials.

In July, counsel for SKF notified the defendants of its belief that defendants were in violation of secrecy agreements they had signed as employees at SKF, which prohibited use or disclosure of SKF trade secrets and confidential business information. When SKF's counsel requested that the devices used to copy SKF files be returned, the defendants turned over several such devices to their lawyer. Forensic analysis showed, however, that two devices that had been connected to both SKF and ERSI computers had not been produced.

SKF filed suit, arguing unfair competition, breach of secrecy agreements, and a violation of the Illinois Trade Secrets Act. The Northern District of Illinois issued a preliminary injunction requiring the defendants to destroy all information obtained from SKF, fearing that the defendants still had trade secret information in their possession. The court ordered a third-party computer expert to inspect ERSI computers to confirm compliance with the injunction.

On the trade secret claim, the court found that the information taken from SKF was confidential information that provided SKF a competitive advantage. The information was protected by reasonable measures to maintain confidentiality, including password protection and the secrecy agreements the defendants had signed.

In determining damages, the court reasoned that "Defendants' theft of thousands of computer files is circumstantial evidence that they intended to use SKF's trade secrets" to divert SKF customers to their new business at ERSI. Nevertheless, the court found that SKF failed to prove causality because the defendants had not specifically informed their customers that they were using SKF trade secrets in their new business. Instead, the court found that the defendants were liable for unjust enrichment under the Illinois Trade Secrets Act. The court ordered damages equal to the profits defendants had earned using SKF trade secrets. It also issued an exemplary damage award of \$40,000 for the willful and malicious misappropriation of trade secrets, reasoning that the defendants had admitted to taking confidential

information without authorization and had been less than forthcoming in returning that data when requested.