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MoFo Wins \$11 Million Verdict in Trade Secrets Case

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By Victor Li

July 17, 2010

Morrison & Foerster won a trial victory on Thursday for Technology Integration Group in its trade secrets dispute with its business rival, FusionStorm. After a five-week trial before Judge Ronald Quidachay of California Superior Court, a San Francisco jury awarded TIG \$9.36 million in compensatory damages and \$1.525 million in punitive damages after it found three former TIG employees and three FusionStorm executives liable for misappropriation of trade secrets, breach of fiduciary duty, breach of loyalty, and other causes of action.

"We are elated with the jury's verdict," said MoFo partner Arturo Gonzalez in a press release. "This was an example of corporate misconduct--a violation of the breach of duty of loyalty and fiduciary duty. The verdict awarded today helps to compensate TIG for the damages to its business and reputation and sends a message that this type of conduct will not be permitted." Although Gonzalez had asked for \$7 million in punitive damages, he told us he was still pleased with the result.

TIG filed suit in 2007, requesting a permanent injunction as a result of FusionStorm's decision to open an office in Tampa, Fla., to compete with TIG's office there. According to Gonzalez, FusionStorm contacted TIG's Tampa office manager and other employees, and over next three months, the TIG employees helped FusionStorm set up an office and recruited TIG employees to work there. The defendants also leaked sensitive and confidential business information to FusionStorm, the compliant alleged. During his summation, Gonzalez likened the three former TIG employees to moles.

The defendants claimed they had acted in good faith and that the information TIG claimed as a trade secret was readily ascertainable. Additionally, the defendants argued that the suit was barred by the statute of limitations, the plaintiffs had "unclean hands," and had failed to mitigate their damages.

Neel Chatterjee of Orrick, Herrington & Sutcliffe represented FusionStorm and two of its executives. Thomas Hockel of Kelly, Hockel & Klein represented FusionStorm's former vice president of sales, Brad Thompson. Ragesh Tangri of Durie Tangri represented three former TIG employees: Michael Dragoni, Charles King, and Randy Barber. The defense attorneys either did not return our calls or declined to comment.

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