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Combination Litigation Series Part II: Tips for Plaintiffs Litigating Software IP Disputes at Intersection of Trade Secret, Copyright and Patent Law

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From the *Google v. Oracle* case pending at the US Supreme Court to disputes proliferating in district courts across the country, parties are increasingly using overlapping and disparate causes of action to protect their IP. As described in Part I of this series, this new strategy has fueled the rise of "combination litigation." Combination litigation employs multiple causes of action, such as trade secret, copyright and patent, particularly in software IP disputes. Such litigation offers different avenues for relief but also poses potential pitfalls and thus raises counter-balancing considerations for plaintiffs.

This alert, the second in a three-part series, offers practical tips plaintiffs can use in pursuing these complex suits involving overlapping trade secret, copyright and patent claims. Part III will in turn provide suggestions for defendants faced with suits where multiple IP causes of action are at play.

Balance bringing overlapping IP claims with preferred forum

Selecting an advantageous forum is critical to maximizing the likelihood of success in software-related IP disputes. The intellectual property theories a software plaintiff chooses to advance will have a direct impact on the forums available.

Unlike with patent and copyright causes of action, trade secret plaintiffs have the option to sue in federal court under the Defend Trade Secrets Act (DTSA) or through diversity jurisdiction, or to pursue state law remedies in state court. While a federal forum – with its broad discovery, highly qualified judges and nationwide service – is often preferable, that is not always the case. For example, where swift injunctive relief is a primary goal, many state courts rely on longstanding practice and procedure to more readily grant preliminary injunctive relief. When the availability of injunctive relief or other considerations weigh in favor of a state forum, trade secret plaintiffs may choose to forgo tacking on patent claims or federal copyright claims to their suit because such claims may generally proceed only in federal court.

The recent case of *Intellisoft v. Acer*, highlights this strategic issue. Intellisoft chose to sue Acer in California state court under California's Uniform Trade Secret Act and did not raise a federal trade secret claim under the DTSA, likely because raising such a claim would have provided grounds for removal to federal court. While Intellisoft cited an Acer patent as evidence of Acer's theft – claiming that Acer's patent incorporated its alleged trade secrets – Intellisoft did not assert any actual cause of action under patent law. That decision proved critical. Although Acer removed the case to federal court and secured summary judgment through an attempt to characterize Intellisoft's claims as a patent inventorship issue for which they sought declaratory relief, the Federal Circuit vacated that summary judgment ruling and remanded the case back to state court. The Federal Circuit explained that removal had been improper because Intellisoft's "reliance on a patent as evidence to support its state law claims [did] not necessarily require resolution of a substantial patent question" that would justify proceeding in federal court. This decision suggests that pleading only a state law trade secret claim is the surest path to remaining in state court.

Even where a federal forum is preferred, pursuing a patent claim may still disqualify a plaintiff from litigating in its preferred forum. While plaintiffs asserting trade secret and copyright claims can, in many cases, bring suit in any venue where the defendant is subject to personal jurisdiction, venue in patent cases has become far more restrictive. Today, a patent suit against a domestic defendant can be brought only in judicial districts where the defendant is incorporated or has an established place of business, which can give defendants a home-court advantage. When a patent infringement claim is weak, subject to a validity or *inter partes* review challenge, or

where the recovery on the patent claim would be duplicative of relief already sought under other theories, it may be worth leaving aside the patent claim in favor of litigating other available IP claims in a more favorable forum.

Public filings on patents and copyrights can shape identification of trade secrets

In some jurisdictions, plaintiffs must identify their alleged trade secrets with reasonable particularity early in the case and may be held to that identification throughout the litigation. Although this requirement does not sound especially challenging in theory, in practice numerous plaintiffs find that in the regular course of business their trade secrets are not kept or identified with the requisite particularity required by courts. Thus, meeting the identification requirement can often prove difficult or at least undesirable for plaintiffs who generally want to delay identification as long as possible. When patent or copyright claims are also at issue, the identification requirement becomes even more challenging. Because public disclosure destroys a trade secret, plaintiffs must be sure to differentiate their claimed trade secrets from the information they have disclosed in patents or published patent applications. That same concern arises in copyright claims because source code registered with the copyright office without redactions may render that source code public domain for purposes of trade secret protection, and thus may undermine trade secret claims.

If there are concerns about whether aspects of their trade secrets may be public, plaintiffs may also want to consider whether their alleged trade secrets constitute "compilation" trade secrets. In some jurisdictions, trade secrets may constitute "compilations" where plaintiffs claim their trade secret is the combination of known elements, each of which may be in the public domain, but where the combination of those elements is secret and valuable. For example, a database that combines publicly available information might have a trade secret way of collecting, organizing, or analyzing that information.

Avoid patent-claim construction arguments that compromise trade secret claims

Where a suit involves related trade secret and patent claims, plaintiffs must align their claim construction that defines the terms of a patent with their trade secret positions. Arguments made in claim construction, particularly in demonstrating that one skilled in the art would understand a claim term to include certain subject matter, may broaden the scope of the patent sufficiently to expose plaintiffs to arguments that the patent disclosure encompasses the trade secrets. In such a scenario, the patent could be seen as disclosing publicly the same subject matter sought to be protected as a trade secret. Plaintiffs should ensure that the positions they take during claim construction do not inadvertently foreclose a trade secret claim that they are pursuing simultaneously.

Pursuing combination litigation can provide software plaintiffs with expansive relief. But doing so is not without risks. When bringing and litigating combination litigation, software plaintiffs should keep these tips in mind to maximize their chance of success.

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