Distinguishing Employees’ “General Skill or Knowledge” From Protectable Trade Secrets Under Massachusetts Law

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Trade secret claims often arise when a highly skilled employee leaves to work for a competitor. Under Massachusetts trade secret law, this fact pattern creates a tension between the employer’s interest in protecting its trade secrets and the employee's competing interest in using his or her own general experience and abilities to foster a successful career. Though Massachusetts courts have long recognized this tension, the line between what constitutes a protectable trade secret as compared to an employee’s “general skill or knowledge” is not explicitly defined in Massachusetts case law. The inquiry is highly fact-based and does not easily lend itself to bright lines. This article examines the leading cases addressing the distinction between trade secrets and general skill or knowledge, and identifies the four factors courts most commonly use to draw the line.

I. The Legal Framework

Massachusetts law protects trade secret information, which is defined by statute as “a formula, pattern, compilation, program, device, method, technique, process, business strategy, customer list, invention, or scientific, technical, financial or customer data that (i) at the time of the alleged misappropriation, provided economic advantage, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, others who might obtain economic advantage from its acquisition, disclosure or use; and (ii) at the time of the alleged misappropriation was the subject of efforts that were reasonable under the circumstances . . . to protect against it being acquired, disclosed or used.”

Although a company must safeguard the secrecy of purported trade secrets in order to seek legal protection for them, the company must, of course, disclose such secrets to at least some of its employees for use in the company’s business. That disclosure creates a legally-implied duty by the employee to maintain the confidentiality of the trade secrets. In addition, employees are often subject to contractual nondisclosure covenants, which survive the termination of employment.

However, Massachusetts courts recognize an important limitation on trade secret protection: a departing employee may continue to use his “general skill or knowledge acquired during the course of
the employment” following his departure.\textsuperscript{2} This doctrine, which has been the law in Massachusetts since at least 1912,\textsuperscript{3} provides that an employer may not claim trade secret protection over an employee’s general skill or knowledge regardless of whether the employee developed it prior to or during his employment. By limiting the types of information that an employer can protect as trade secrets, the general skill or knowledge rule “effectuates the public interest in labor mobility, promotes the employee’s freedom to practice a profession, and [promotes] freedom of competition.”\textsuperscript{4} The rule applies both when a former employer sues a former employee for misappropriation of the former employer’s trade secrets,\textsuperscript{5} and when an employer seeks to enforce post-employment restrictive covenants, like noncompetition agreements.\textsuperscript{6}

The facts of Intertek Testing Servs. NA, Inc. \textit{v.} Curtis-Strauss LLC provides an example of how the doctrine plays out in practice. Intertek was a product inspection, testing and certification company that sued several of its former salespeople for having misappropriated “secret” information about “the quality of the relationship that certain customers had with Intertek,” including whether those relationships were “good,” “bad,” or “in-between.” Judge Gants, then sitting in the Business Litigation Session, granted summary judgment in favor of the salespeople, ruling that the strength of an employer’s relationship with a particular customer “certainly falls into the category of general knowledge acquired during the course of employment.” Speaking to the rule’s policy goal of promoting labor mobility, Judge Gants observed that “if this general information were deemed secret or confidential, then no salesman could ever work for a competitor, because every salesman inevitably knows this information and could not help but use it in some fashion.”\textsuperscript{7}

\textbf{II. Distinguishing Trade Secrets from General Skill or Knowledge}

Although the general skill or knowledge doctrine is widely cited in Massachusetts case law, no court has articulated a test for distinguishing between protectable trade secrets and nonprotectable general skill or knowledge. In the cases applying the doctrine, however, the courts most commonly consider the following four factors: (1) whether an employee had significant experience or expertise prior to starting their employment; (2) whether an employee assisted in the development of the alleged trade secret; (3) whether the alleged trade secrets were actually put to use or were merely inchoate “concepts” or “goals”; and (4) whether the alleged misappropriation involved the removal of documents or merely the contents of the employee’s memory. None of the four factors standing alone is dispositive.

\textbf{A. The Employee’s Prior Experience or Expertise}

Massachusetts courts are more likely to find that an alleged secret falls within an employee’s general skill and knowledge if the employee had significant experience, expertise, or education in the field before starting his employment. This factor is based on the policy that “the loss to the individual and the economic loss to society are both greatest when a highly trained and specialized person is prevented from employing his special abilities.”\textsuperscript{8}

For example, in Dynamics Research Corp. \textit{v.} Analytic Sciences Corp., an employer claimed its former employee misappropriated a system for managing data and providing feedback during the development of weapons systems for government contracts. Prior to his employment, the employee had been decorated by the Air Force for his management ability and had worked as a manager of an MIT laboratory. In fact, the employer hired him “in part because he [already] understood its management system concept.” The Appeals Court ruled that the alleged secret fell within the employee’s general skill and knowledge, observing he had come to the job “with knowledge and skill in the plaintiff’s area of operation” and “much of the [alleged trade secret] was known to the defendant prior to his employment.”\textsuperscript{9} Conversely, in Junker \textit{v.} Plummer, the employer’s claimed secret was a novel machine for “combining shoe cloth,” and the former employees “had never seen a combining machine”
There, the SJC ruled that the machine’s functionality was not part of the employees’ general skill or knowledge and was instead a protectable trade secret of their former employer.

### B. The Employee’s Personal Participation in Developing the Secret

Massachusetts courts are more likely to find that an alleged secret falls within an employee’s general skill and knowledge if the employee directly participated in developing the alleged secret. The rationale behind this factor is that if the employee personally contributed towards the alleged secret’s creation or development, then the alleged secret may consist, at least in part, of the skill, knowledge, and experience that the employee brought to bear on the project.

Thus, in *Chomerics, Inc. v. Ehrreich*, the employee had been “personally actively involved in all of the inventions and discoveries made” by the employer in developing the alleged secret. Indeed, the employer’s “effort in this field was pioneered largely through [the defendant employee’s] inventions and research,” and the research into conductive plastics was “peculiarly his . . . almost private domain.” The Appeals Court ruled that the information fell within the employee’s general skill or knowledge as a scientist, despite the fact that the employer took reasonable measures to safeguard the information as a trade secret, including requiring the defendant to keep his laboratory notebooks locked up. Similarly, in *New Method Die & Cut-Out Co. v. Milton Bradley Co.*, the employee “took part to a substantial extent in developing the [allegedly secret] process” for manufacturing cardboard toys, bringing to bear “his faculties, skill and experience.” The SJC held that the process for manufacturing cardboard toys did not constitute a protectable trade secret, but rather was “the product of [the employee’s] knowledge,” which he developed in the course of his work for his former employer.

### C. The Employer’s Unfinished Concepts and Goals

Massachusetts courts are more likely to find that information is within an employee’s general skill or knowledge where the alleged secret is merely an unfinished “concept” or “goal,” as opposed to information that has been reduced to practice in the form of a functioning devise, machine, or system. For example, in *Chomerics, Inc. v. Ehrreich*, the employer sought to develop electrically conductive plastics using “metal particles embedded in a plastic matrix.” During his employment, the employee worked on a project to develop an electrically conductive gasket that contained less than 10 percent silver particles. The employee eventually quit and began working for a competitor, which soon thereafter patented an electrically conductive gasket that used less than 10 percent silver. The Appeals Court ruled that the use of a certain amount of silver represented only a “concept,” and that “when [the defendant] left [the plaintiff’s employ] he took with him nothing but possibilities and goals which had hitherto proved impossible to bring to fruition.” The Appeals Court ruled those “possibilities and goals” were part of the employee’s general skill or knowledge, not a protectable trade secret of the former employer.

By comparison, in *Junker*, the machine for combining shoe cloth was fully operational, in use in the employer’s manufacturing facility in “actual and substantial production.” Several of the plaintiff’s employees quit, started working for a competitor, and duplicated the machine, up to which point “there was none other faintly resembling it in use anywhere.” The SJC ruled that the machine was a protectable trade secret belonging to the employer.

### D. Employees’ Memory and Nondocumentary Information

Massachusetts courts are more likely to find that an alleged trade secret falls within an employee’s general skill and knowledge if the employee allegedly used information from his memory, without
taking away documents or electronically stored information. The SJC has, in several cases, “considered it significant that the former employee did or did not take actual lists or papers belonging to his former employer.”\textsuperscript{15} For example, in \textit{American Window Cleaning Co. of Springfield v. Cohen}, the plaintiff alleged that its former employees had misappropriated secret information regarding its customers. The SJC ruled the former employees had not breached their duty of confidentiality to their former employer because “[r]emembered information” regarding certain of the employer’s customers was “not confidential” and “a discharged employee, without the use of a list belonging to his former employer, may solicit the latter’s customers.”\textsuperscript{16}

Similarly, in \textit{New Method Die & Cut-Out Co.}, the SJC ruled that an allegedly secret method for manufacturing cardboard toys was within the defendant employee’s general skill or knowledge, noting that “the defendant . . . when he left the employment of the plaintiff . . . took no documentary manufacturing data, cost figures, or customers’ lists and no drawing which were a part of the plaintiff’s files or were final drawings which had been used by the [plaintiff] for the manufacture of toys.”\textsuperscript{17}

By contrast, in \textit{Pacific Packaging Products v. Barenboim}, the plaintiff employer alleged that five of its former employees removed, among other things, sales history reports, cost books, invoices, and spreadsheets containing the employer’s information about particular customer accounts, all in order to form a competing company using the plaintiff’s customer base. In granting the plaintiff’s request for a preliminary injunction against the defendants’ use of the information, Judge Billings ruled “[m]y focus herein is almost exclusively on documentary information” alleged to have been misappropriated because “while it is theoretically possible to make the showing that a former employee used his memory to compete unfairly with the former employer, it is not—particularly where business, not technical, information is concerned—an easy task.”\textsuperscript{18}

\textbf{III. Conclusion}

Distinguishing trade secrets from general skill and knowledge is not a precise science and requires a fact-specific analysis. While Massachusetts courts have not articulated a specific set of rules to apply in making the distinction, the four factors discussed above provide an outline of the key considerations Massachusetts courts have used to decide whether certain information was within a departing employee’s general skill or knowledge.

\textbf{ENDNOTES}


4 \textit{CVC, Inc. v. Raytheon Co.}, 769 F.2d 842, 852 (1st Cir. 1985) (appling Mass. law).


Dynamics Research Corp., 9 Mass. App. Ct. at 268 (quoting Harlan M. Blake, Employee Agreements Not to Compete, 73 Harv. L. Rev. 625, 684-85 (1960)); see also Harvard Apparatus, Inc. v. Cowen, 130 F. Supp. 2d 161, 175 n.31 (D. Mass. 2001) (applying Mass. law) (“The issue of whether the information lies within the employee’s general skill or knowledge depends, in part, upon the amount of knowledge and skill the employee had in the relevant area at the start of his employment.”).


Junker, 320 Mass. at 77.

Jet Spray Cooler, Inc. v. Crampton, 361 Mass. 835, 840 (1972) (citing cases). Like the other factors, however, this factor is not dispositive. The SJC ruled in Jet Spray Cooler that “the fact that no list or paper was taken does not prevent the former employee from being enjoined if the information which he gained through his employment and retained in his memory is confidential in nature.” Id.


Pacific Packaging Prod., Inc. v. Barenboim, No. MICV2009-04320, 2010 WL 11068538, at *1 (Mass. Super. Ct. Apr. 20, 2010) (Billings, J.). To avoid an injunction on that basis, the defendants represented to the court they had completely divested themselves of the paper and electronic versions of the plaintiff’s information. The court later found that representation to be a fraud on the court because the defendants had not in fact turned over the information; the court entered a default on the defendants’ counterclaims and awarded fees and costs in excess of $1 million to the plaintiff.

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