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DISCOVERY-DISCLOSURE OF TRADE SECRETS IN TORT ACTION

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DISCOVERY—DISCLOSURE OF TRADE SECRETS IN TORT ACTION—Prior to trial of suit to recover damages for hand infection alleged to have been caused by the use of defendant's washing compound, plaintiff filed interrogatories requesting the ingredients and proportions used in the compound. Defendant's offer to divulge its secret formula to the court in confidence until the plaintiff should make a prima facie case was ruled upon adversely by the court. Defendant thereupon suffered the statutory penalty of default¹ rather than disclose the secret. *Held*, default judgment affirmed. In this instance trade secrets were not privileged, and there was no abuse of discretion in the trial court's order to disclose since plaintiff's further attempt at establishment of a prima facie case depended upon learning the formula of the compound. *Putney v. DuBois Co.*, (Mo. App. 1950) 226 S.W. (2d) 737.

The principal case presents a problem which courts have not been able to solve without possibility of hardship resulting to at least one of the parties.² The law has long deemed a trade secret a valuable property right entitled to its protection, but the well recognized, if inconsistent, right of a litigant to have disclosed all facts necessary to his case is given priority in a proper situation.³ The principal case is one of the few tort cases in which this problem has arisen.⁴ The refusal of a party to disclose his trade secrets is more frequently encountered in patent and trademark infringement suits, and in suits to enjoin disclosure of secret processes surreptitiously obtained. Each case is treated as a separate problem, and no rules can be drawn to fit every case other than the recognition that there is no absolute privilege against disclosure of trade secrets.⁵ However, the danger of bad faith and "fishing expeditions" by a business competitor requesting disclosure is less in the tort than in the patent cases. In the patent cases the situation is made more difficult in that the party seeking disclosure is the person from whom it is primarily desired to keep the information. If the court suspects that the claim of privilege is a mere pretext, or that the party seeking disclosure is doing so merely to learn his competitor's secrets, an order for disclosure will

¹ Mo. Rev. Stat. Ann. (1949) §847.89(d). For procedure elsewhere see note by Prof. Wigmore, 19 ILL. L. REV. 594 (1925).

² In several other cases one party has voluntarily lost his case rather than divulge his secret, and in *Wilson v. Superior Ct.*, 66 Cal. App. 275, 225 P. 881 (1924) petitioner went to jail for contempt rather than disclose.

³ *Wilson v. Superior Ct.*, supra note 2; *Grasselli Chemical Co. v. National Aniline & Chemical Co.*, (D.C. N.Y. 1920) 282 F. 379. For protection of trade secrets generally see Barton, "A Study in the Law of Trade Secrets," 13 UNIV. CIN. L. REV. 507 (1939).

⁴ *Spain v. U.S. Rubber Co.*, 94 N.H. 400, 54 A. (2d) 364 (1947) (dermatitis contracted from secret cement); *Drake v. Herrman*, 261 N.Y. 414, 185 N.E. 685 (1933) and *Lenerts v. Rapidol Distributing Corp.*, (D.C. N.Y. 1942) 3 F.R.D. 42 (injuries from secret hair dye); *Hillick v. E. W. Edward & Son*, 143 Misc. 277, 256 N.Y.S. 313 (1932) (injuries from secret depilatory cream); *State ex rel. Schuleter Mfg. Co. v. Beck*, 337 Mo. 839, 85 S.W. (2d) 1026 (1935) (occupational disease contracted in paint shop where secret processes were being used); *Wilson v. Superior Ct.*, supra note 2 (explosion of secret fireworks).

⁵ 8 WIGMORE, EVIDENCE, 3d ed., §2212 (1940) and numerous cases therein cited.

be denied.⁶ The court will require more than a mere suspicion that disclosure will aid the party's cause, and perhaps will deny it if substituted evidence will suffice.⁷ Nor will disclosure be ordered before it appears that the secret information will be absolutely necessary to the case⁸. For this reason disclosure through pre-trial depositions or interrogatories may be more restricted than disclosure through testimony at the trial itself.⁹ Also, opportunity for control by the court to prevent undue publicity and hardship is probably greater at the trial than in pre-trial procedure,¹⁰ although some use may be made of a referee in the case of pre-trial depositions.¹¹ In recent years statutes, including the new Federal Rules of Civil Procedure, have greatly broadened opportunity for pre-trial discovery. Under the old equity bill of discovery a party was entitled to information which would give him evidence to establish his own case, but was not entitled to information relating to his opponent's case for purposes of convenience and to prevent surprise. Under the new statutes discovery is permitted for both purposes,¹² but, by statutory or judicial limitation, discovery of trade secrets is not permitted any more readily than under the old procedure.¹³ In the principal case, since the secret information was necessary to show causation between the use of the compound and the injury, plaintiff's request for disclosure was not based merely upon convenience, and is therefore justified.

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⁶ *Claude Neon Lights v. Rainbow Light*, (D.C. N.Y. 1927) 31 F. (2d) 988; *Steinfur Patents Corp. v. Moos Fur Dyeing Corp.*, (D.C. N.Y. 1931) 54 F. (2d) 813.

⁷ *Drake v. Herrman*, supra note 4; *Shimadzu v. Electric Storage Battery Co.*, (D.C. Pa. 1934) 6 F. Supp. 393. But see *Hillick v. E. W. Edward & Son*, supra note 4. Why the formula in the principal case should not have been analyzed by plaintiff's experts was not discussed.

⁸ *Eibel Process Co. v. Remington-Martin Co.*, (D.C. N.Y. 1912) 197 F. 760.

⁹ *Western States Machine Co. v. S. S. Hepworth Co.*, (D.C. N.Y. 1941) 1 F.R.D. 766; *Steinfur Patents Corp. v. Moos Fur Dyeing Corp.*, supra note 6.

¹⁰ Interrogatories are returned to the opposing party whereas the court alone may hear the secret information at the trial itself in a proper situation. See Federal Rule 33 and the procedure used in *Wiggins Chemical Co. v. Berry*, (C.C.A. 7th, 1931) 46 F. (2d) 622.

¹¹ *Burns v. Hayes*, 193 Misc. 501, 84 N.Y.S. (2d) 277 (1948). See also *McLeod Tire Corp. v. B. F. Goodrich Co.*, (D.C. N.Y. 1920) 268 F. 205.

¹² *SUNDERLAND, CASES AND MATERIALS ON TRIAL AND APPELLATE PRACTICE*, 2d ed., c. I, §I (1941).

¹³ See Federal Rules of Civil Procedure as amended to 1947, rules 26(b), 30(b), 30(d) and 31(d); *Lever Bros. Co. v. Proctor & Gamble Mfg. Co.*, (D.C. Md. 1941) 38 F. Supp. 680.