IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

DAVID J. WEISS	:	CIVIL ACTION
v.	:	
FIBER OPTIC DESIGNS, INC.	:	NO. 06-5258

MEMORANDUM

Bartle, C.J. November 9, 2007

On November 30, 2006, plaintiff David J. Weiss ("Weiss") filed a complaint for breach of contract against defendant Fiber Optic Designs, Inc. ("FOD"). He alleges that FOD failed to pay him certain commissions due under a licensing agreement. FOD filed an amended counterclaim against Weiss on behalf of itself and counterclaim plaintiff, Holiday Creations, Inc. ("HCI").[1] These counterclaims assert: (1) misappropriation of trade secrets under Pennsylvania's Uniform Trade Secrets Act, 12 Pa. Cons. Stat. Ann. § 5301, *et seq* ("PUTSA") (Counts I and VI); (2) misappropriation of trade secrets under the common law of Pennsylvania (Counts II and VII); (3) breach of duty of loyalty under the common law of Pennsylvania (Counts III and VIII); (4) tortious interference with existing and prospective business advantage under the common law of Pennsylvania (Counts IV and IX); and (5) unfair competition under the common law of

1. FOD is the assignee of HCI's claims against Weiss, which are identical those brought by FOD.

Pennsylvania (Counts V and X). Now pending before the court is the motion of Weiss to dismiss Counts II, III, IV, V, VII, VIII, IX, and X of the amended counterclaim pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure.

For purposes of this motion, we must accept as true all well-pleaded allegations of FOD's amended counterclaim. Hishon v. King & Spalding, 467 U.S. 69, 73 (1984). "A court may dismiss a complaint only if it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations." Id.

Plaintiff contends that these counterclaims should be dismissed because they have been abolished by PUTSA. This statute "displaces conflicting tort, restitutionary and other law of this Commonwealth providing civil remedies for misappropriation of a trade secret." 12 Pa. Cons. Stat. Ann. § 5308(a).

Counts II and VII of FOD's counterclaim assert a cause of action for misappropriation of trade secrets under the common law of Pennsylvania. Although PUTSA does displace common law misappropriation claims, the Pennsylvania General Assembly provided that PUTSA "shall not apply to misappropriation occurring prior to the effective date of this act, including a continuing misappropriation that began prior to the effective date of this act and which continues to occur after the effective date of this act." 2004 Pa. Laws 14 § 4. The Act became effective on April 19, 2004, sixty days after it was enacted.

Id. at § 5. It appears from the complaint that the misappropriation may have begun before that time. Counts II and VII of the amended counterclaim, bringing common law claims for misappropriation, are specifically limited to those claims arising before the enactment of PUTSA. Def.'s Am. Countercl. at ¶¶ 73 and 126. Thus, we cannot say at this time that these asserted claims are abolished. See E.E.O.C. v. Vanguard Group, 2006 WL 931613 at *5 (E.D. Pa. Apr. 10, 2006).

Counts III, IV, V, VII, IX and X of FOD's amended counterclaims allege common law breach of the duty of loyalty, tortious interference with existing and prospective business advantage, and unfair competition. FOD agrees that these claims are preempted "to the extent they are based on misappropriation of trade secrets." Def.'s Mot. in Opp. at 8 (internal quotations omitted). FOD, however, maintains that these claims are not based on allegations of Weiss's misappropriation. Rather, they are each premised on allegations of wrongdoing by Weiss separate and apart from the misappropriations claims. PUTSA is clear that it "does not affect ... other civil remedies that are not based upon misappropriation of a trade secret." 12 Pa. Cons. Stat. Ann. § 5308(b)(2). Dismissing these claims now would require the court to make a determination that Weiss's conduct constitutes misappropriation and that the misappropriated information at issue was a trade secret. That would be inappropriate at this stage in the litigation. See Cenveo Corp. v. Slater, 2007 WL

527720 (E.D. Pa. Feb. 12, 2007) (citing cases). Thus, these claims may proceed.

In sum, the motion of Weiss to dismiss Counts II, III, IV, V, VII, VIII, IX, and X of FOD's amended counterclaim will be denied.

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ORDER

AND NOW, this 9th day of November, 2007, for the reasons stated in the accompanying Memorandum, it is hereby ORDERED that the motion of plaintiff David J. Weiss to dismiss in part defendant's amended counterclaims (Docket No. 20) is DENIED.

BY THE COURT:

/s/ Harvey Bartle
C.J.