

SUPREME COURT OF DELAWARE

Savor, Inc. v. FMR Corp. and UPromise, Inc.

812 A.2d 894 (Del. 2002) · No. No. 192, 2002 · Decided December 18, 2002

SUMMARY

The Supreme Court of Delaware held that Savor, Inc.'s complaint adequately pleaded a claim for misappropriation of trade secrets under liberal notice-pleading standards. The court concluded that a unique combination of marketing strategies and processes could constitute a trade secret, and that issues concerning secrecy, economic value, and misappropriation could not be resolved on a motion to dismiss. The court reversed dismissal of the third amended complaint but affirmed dismissal of the common-law unfair competition and conspiracy claims as displaced by Delaware's Uniform Trade Secrets Act.

CASE DETAILS

COURT	Supreme Court of Delaware
WRITING FOR THE COURT	Berger, Justice; Veasey, Chief Justice; Steele, Justice
JURISDICTION	Delaware
DECIDED	December 18, 2002
DOCKET	No. 192, 2002
DISPOSITION	other
PROCEDURAL POSTURE	Savor appealed the Superior Court's dismissal of its Third Amended Complaint for failure to state a claim, specifically its statutory trade-secret misappropriation claim. Savor also challenged dismissal of its common-law unfair-competition and conspiracy claims.
STANDARD OF REVIEW	De novo review of the trial court's decision on a motion to dismiss for failure to state a claim.
PRECEDENTIAL VALUE	Published, precedential decision of the Supreme Court of Delaware.
PARTIES	Savor, Inc. v. FMR Corp., UPromise, Inc.

TOPICS

- motions to dismiss
- misappropriation of trade secrets
- trade secrets
- pleadings
- civil procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether Savor's Third Amended Complaint adequately pleaded a protectable trade secret and misappropriation claim under Delaware's liberal notice-pleading standard.
2. Whether the alleged combination of generally known marketing components could constitute a trade secret.
3. Whether Delaware's Uniform Trade Secrets Act displaced Savor's common-law unfair-competition and conspiracy claims based on the same alleged misappropriation.

HOLDINGS

1. The Third Amended Complaint adequately stated a claim for misappropriation of trade secrets because it identified the alleged trade secret as a unique combination of marketing strategies and processes, and alleged economic value, secrecy, confidentiality efforts, and misappropriation sufficiently to provide notice.
2. The Superior Court correctly dismissed Savor's unfair-competition and conspiracy claims because they sought civil remedies based solely on the alleged misappropriation of a trade secret and were therefore displaced by the Uniform Trade Secrets Act.

KEY QUOTATIONS

“Under the liberal notice pleading standards governing this motion, we find that the Complaint adequately states a misappropriation of trade secrets claim.” (897)

“Even if the basic components of the program were well known, as appellees argue, the program still may be a protectable trade secret if it is a unique combination of those components.” (897)

“Savor's common law claims seek civil remedies based solely on the alleged misappropriation of a trade secret.” (898)

FACTUAL BACKGROUND

Savor developed a program under which consumers would receive rebates from purchases, with the rebates paid into a state-qualified tuition plan. In 1998, Savor presented the program and related materials to FMR after receiving an assurance that the information would be kept confidential. UPromise later marketed a college-investment and rebate program that allegedly used many of Savor's marketing strategies, methods, techniques, and processes, and FMR agreed to manage UPromise's 529 Plan assets.

PROCEDURAL HISTORY

Savor sued FMR Corp. and UPromise, Inc., alleging misappropriation of trade secrets, unfair competition, and conspiracy arising from a college-investment and consumer-rebate program. After amendments, the Superior Court dismissed the Third Amended Complaint because it did not identify the alleged trade secret with sufficient particularity, and it held that the common-law claims were displaced by Delaware's Uniform Trade Secrets Act.

The Supreme Court reversed dismissal of the trade-secret claim but affirmed dismissal of Counts II and III of the Second Amended Complaint.

DISPOSITION

other

REMAND INSTRUCTIONS

The trade-secret claim was reinstated. The opinion does not state specific remand instructions; dismissal of Counts II and III of the Second Amended Complaint was affirmed.

CASES CITED

- Precision Air v. Standard Chlorine of Del., 654 A.2d 403, 406 (Del. 1995)
- Ramunno v. Cawley, 705 A.2d 1029, 1034 (Del. 1998)
- Kofron v. Amoco Chems. Corp., 441 A.2d 226, 227 (Del. 1982)
- Merck & Co. v. SmithKline Beecham Pharmaceuticals Co., 1999 WL 669354, at *15 (Del. Ch. 1999), aff'd, 766 A.2d 442 (Del. 2000)
- SmithKline Beecham Pharmaceuticals Co. v. Merck & Co., 766 A.2d 442, 448 (Del. 2000)
- Savor v. FMR Corp., Del. Super., C.A. No. 00C-10-249-JRS, 2001 WL 541484 (Apr. 24, 2001)

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