

Orrick Awarded Attorneys Fees in California Trade Secrets Case

By Alison Frankel

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In July 2009, the California State Automobile Association Inter-Insurance Bureau and its lawyers at DLA Piper crossed a line.

Until that point, the Bureau--a part of the Automobile Association of America network--had been litigating its three-year-old trade secrets case against The Commerce Insurance Group (a Mapfre subsidiary) in good faith. But according to a six-page ruling by Alameda County superior court judge Stephen Dombrink, by July 2009, the Bureau had dropped all but one of its trade secrets claims, and the only remaining claim, involving Commerce's hiring of three high-level Bureau employees, was "ridiculous." At the same time, the Bureau offered to drop the case in exchange for a pledge from Commerce that it wouldn't seek attorneys' fees.

Commerce and its counsel, Christopher Ruhland and Edwin Woodsome Jr. of Orrick, Herrington & Sutcliffe, said no when the Bureau said it planned to keep litigating a related case. "We decided, 'We're going to try this case and win,'" said Ruhland. "We were convinced from the beginning that the case had no merit and [the Bureau] was acting in bad faith."

After the Bureau finished presenting evidence at the November 2009 trial, Orrick moved for a judgment of non-suit. Judge Dombrink granted the motion. ("At trial, the Bureau knew it had no viable case, but hoped that its trial attorney, Eduardo Roy, could at least get this meritless case to a jury," the judge wrote in his fees opinion.)

Orrick then filed a motion requesting the Bureau pay it fees, which it said totalled \$4 million. In his March 23 ruling, Judge Dombrink awarded Orrick \$1.5 million--his estimation of fees after July 2009, when, in his judgment, the Bureau stopped acting in good faith. Orrick told us that \$1.5 million appears to be the second largest attorneys' fees award under the California trade secrets law.

"It's clear from the order that Judge Dombrink gave this a lot of thought," said Ruhland. "We're satisfied that he reached a fair result."

Roy of DLA Piper did not return our call for comment.