

Trade Secret Misappropriation Judgment Reversed

“A tax consultant should not have been found liable for misappropriating trade secrets after he used his ex-employer’s allegedly proprietary ‘tax arbitrage’ strategy in providing services to its former clients, the 1st U.S. Circuit Court of Appeals has ruled,” reports Eric T. Berkman in *New England In-House*.

“The Puerto Rico-based plaintiff, TLS Management and Marketing Services, helped mainland U.S. clients profit by availing themselves of Puerto Rico’s lower tax rates through a series of complex transactions between TLS and the client.”

“After defendant Ricky Rodriguez, a TLS executive, left the company, TLS accused him of misappropriating trade secrets by utilizing the company’s strategy (which TLS referred to as its “U.S. Possession Strategy” or “the Strategy”) to provide tax services to former TLS clients using TLS documents with which the clients provided him. The company also accused him of misappropriating trade secrets by downloading the company’s Capital Preservation Report – or CPR – documents to analyze client tax situations.”

Read the article.