IN THE SUPERIOR COURT OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

SAVOR, INC., a Michigan corporation,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. NO. 00C-10-249-JRS
	)	**UNDER SEAL**
FMR CORP., a Massachusetts corporation and UPROMISE, INC., a Delaware corporation,	)	
	)	
Defendants.	)	

Date Submitted: June 29, 2004
Date Decided: July 15, 2004
Redacted: August 16, 2004

MEMORANDUM OPINION

Upon Defendants' Motions for Summary Judgment. ***GRANTED.***

William M. Aukamp, Esquire, HARVEY PENNINGTON, LTD, Wilmington, Delaware. Howard M. Cyr, III, Esquire and Paul M. Quinones, Esquire, HARVEY PENNINGTON, LTD, Philadelphia, Pennsylvania. Attorneys for Plaintiff, Savor, Inc.

Jeffrey L. Moyer, Esquire and Alyssa M. Schwartz, Esquire, RICHARDS, LAYTON & FINGER, P.A., Wilmington, Delaware. John D. Donovan, Jr., Esquire and Emily C. Shanahan, Esquire, ROPES & GRAY, LLP, Boston, Massachusetts. Attorneys for Defendant, FMR, Corp.

Anthony W. Clark, Esquire and James A. Whitney, Esquire, SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP, Wilmington, Delaware. Irwin B. Schwartz, Esquire, PETRIE, BAUER, SCHWARTZ, LLP, Boston, Massachusetts. Attorneys for Defendant, Upromise, Inc.

SLIGHTS, J.

I.

In this misappropriation of trade secrets case, the Court must determine whether a reasonable jury could conclude: (1) that the plaintiff possessed a trade secret and, if so, (2) that the defendants misappropriated the secret. Although such fundamental inquiries are standard fare in the realm of motions for summary judgment, they are complicated in this case by the nature of the alleged trade secret -- a purportedly "unique" compilation of publically available or arguably common-sense ideas - - and also by the highly circumstantial nature of the evidence regarding the alleged illegal transmission of the trade secret - - both the alleged transmitter and the alleged recipient of the trade secret deny knowing anything about it.

The plaintiff correctly observes that it may, as a matter of law, seek trade secret protection for a unique compilation of otherwise publicly known ideas or information. And it also correctly observes that it may, as a matter of law, prove misappropriation of the trade secret through circumstantial evidence, notwithstanding the defendant's denials of wrongdoing. The plaintiff's *allegation* of a "compilation" trade secret, and its *allegation* of a misappropriation of that secret, however, are not sufficient to overcome properly supported motions for summary judgment. When defendants support their motions for summary judgment with competent evidence indicating that the alleged trade secret was generally well known in the relevant industry and couple that showing with sworn, unrebutted denials of knowledge, much less misappropriation of plaintiff's particular idea, the plaintiff is obliged to answer with evidence in the record that, at least, creates a material issue of fact as to these fundamental elements of its claim. As discussed below, plaintiff has failed to carry this burden with respect to the misappropriation element of its *prima facie* claim for misappropriation of trade secrets. Consequently, the motions for summary judgment must be **GRANTED.**

II.

The age of this case is a reflection of its rather involved procedural history. Plaintiff, Savor, Inc. ("Savor"), initiated this action in October, 2000 against Fidelity Investment Corp. and defendant, Upromise, Inc. ("Upromise"). After determining that it had sued the wrong Fidelity entity, Savor amended its complaint and then amended it again to name the proper Fidelity entity, defendant, FMR Corp. ("FMR"), as the party to whom Savor initially communicated its alleged trade secret. Both defendants then moved to dismiss the second amended complaint on the ground, *inter alia*, that Savor had not adequately identified its alleged trade secret in the pleading. Savor acknowledged that its complaint did not identify its trade secret and offered to amend its complaint again, this time under seal, so that the trade secret could properly be disclosed. The Court dismissed the second amended complaint with leave to amend.[1]

Savor's third amended complaint included an additional description of the alleged trade secret and attached a compilation of documents as "Exhibit A" in which it alleged that the trade secret was described in detail. The Court disagreed and dismissed the third amended complaint with prejudice.[2] Savor appealed and the Supreme Court of Delaware reversed this Court's order dismissing the case by opinion and order dated November 12, 2002.[3]

Approximately two months after the case was remanded to this Court, Upromise moved for dispositive relief again, this time recasting the arguments raised in its motions to dismiss against the backdrop of the more rigorous scrutiny contemplated by Del. Super. Ct. Civ. R. 56. The Court denied the motion for summary judgment as premature since the discovery contemplated by the Supreme Court had not yet been initiated in earnest.[4] Nevertheless, the Court appreciated that the issues that continued to surface in the defendants' dispositive motions - - did Savor have a trade secret and was it misappropriated - - would likely be raised again.

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[1] *Savor, Inc. v. Upromise, Inc.*, 2001 WL 541484 (Del. Super.).

[2] *Savor, Inc. v. Upromise, Inc.*, 2002 WL 393056 (Del. Super.).

[3] *Savor, Inc. v. Upromise, Inc.*, 812 A.2d 894 (Del. 2002).

[4] *Savor, Inc. v. Upromise, Inc.*, 2003 WL 21054394 (Del. Super.).

Accordingly, recognizing that these were threshold issues, the Court bifurcated the litigation so that "phase 1" discovery would encompass only the alleged existence of the trade secret and the alleged misappropriation.[5]

During the course of phase 1discovery, Savor propounded interrogatories and requests for documents that sought information regarding Upromise's trade secrets. Upromise sought protection from the Court. In keeping with well-settled case law that requires the plaintiff in a misappropriation of trade secrets case adequately to identify its own trade secret before seeking discovery of the defendant's trade secret,[6] the Court ordered Savor to prepare and file with the Court an Identification of Trade Secret ("ITS") in which it was to describe its trade secret in detail. By order dated January 20, 2004, the Court concluded that Savor's ITS identified its alleged trade secret with sufficient detail to justify its discovery of Upromise's trade secret information.[7] Contrary to Savor's characterizations in its brief on the motions *sub judice,* the Court did not conclude as a matter of fact or law that Savor had a trade secret worthy of legal protection. Indeed, the Court expressly stated: "whether [the Savor] program ... is entitled to trade secret protection [is an] issue[] for another

[5] *Id.*

[6] *See Englehard Corp. v. Savin Corp.,* 505 A.2d 30, 33 (Del. Ch. 1986).

[7] *See Savor, Inc. v. FMR Corp.,* C.A. No. 00C-10-249 JRS, Slights, J. (Del. Super. Jan. 20, 2004)(Letter Op.).

day."[8] That day has come.

III.

A. The Development of the Savor Program

In 1994, Savor developed a program by which consumers could purchase goods or services from specified vendors and, in return, receive from the vendors rebates in various amounts depending on the nature of the goods or services acquired. The rebates, in turn, would automatically be applied by Savor to savings accounts for the benefit of the consumer and ultimately deposited into tax-deferred, state-sponsored college tuition savings accounts referred to as "529 accounts," named after the applicable provision of the Internal Revenue Code that recognized the tax deferred status of these funds.[9] Savor's program was the brainchild of its founder, Dennis A. Doyle, an entrepreneur whose experience was primarily in the development of marketing initiatives within the automotive and telecommunications industries.[10] Prior to Savor, he had little to no experience in the financial services industry.[11]

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[8] *Id.* at 3.

[9] *See* 26 U.S.C.A. §529 (2001).

[10] D.I. 180, Ex. 19, at U00416.

[11] *Id.*

At its inception, the Savor program focused primarily on providing a means for consumers to initiate or enhance retirement savings.[12] Over time, Savor turned its

[REDACTED]

Although it is unclear in the record

[12] D.I. 180, Ex. 2, at 24-25.

[REDACTED]

B. Savor Shares Its Idea With FMR

[REDACTED]

The State Treasurer of New Hampshire, a state targeted by Savor because of its successful state-sponsored college tuition savings program, suggested to Mr. Doyle that he contact a representative at FMR with whom the New Hampshire Treasurer's office had been working in the management of its program. Mr. Doyle made the initial contact with FMR's Abram Claude by telephone in early September, 1998. Mr. Claude was a Vice President for Business Development within FMR's college savings group.[13] There is no dispute that Mr. Doyle contacted Mr. Claude in the hopes that FMR would serve as the exclusive fund manager for the Savor 529 accounts. Mr. Claude expressed interest in the Savor program and

[13] D.I. 180, Ex. 7, at 30.

encouraged Mr. Doyle to send him some materials so that he could better understand the idea.[14] Mr. Doyle requested a confidentiality agreement but Mr. Claude declined to give one. According to Mr. Doyle, Mr. Claude stated that a formal confidentiality agreement would simply delay the process. In its place, Mr. Claude allegedly made an oral commitment to Mr. Doyle to keep the information he received from Savor confidential.[15]

By letters dated September 15 and September 30, 1998, Mr. Doyle forwarded to Mr. Claude information which Savor contends comprised its trade secret.[16] According to Mr. Doyle, he also had several telephone conversations with Mr. Claude during which he explained the Savor program to Mr. Claude in more detail.[17] Mr. Claude acknowledged that upon receipt of Savor's information he treated it as confidential by keeping it locked in a file cabinet and by showing it only to the supervisor within his group to whom he presented Savor's idea.[18]

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[14]D.I. 180, Ex. 2, at 181-84.

[15]*Id.* at 194-95, 201-06. Mr. Claude does not recall that he made any such commitment to Mr. Doyle. D.I. 180, Ex. 7, at 71, 88-89. The Court's recitation of the facts casts the record in the light most favorable to Savor; it is not intended to represent the Court's findings of fact.

[16]D.I. 180, Ex. 48, Savor 014-15, Savor 044-46.

[17]D.I. 180, Ex. 2, at 209-10.

[18]D.I. 180, Ex. 7, at 74-75, 97.

Significantly, Mr. Claude claims that he did not discuss the Savor program with his immediate supervisor, James Fadule, or with any of the other subordinate members of the college savings group. Instead, he presented the idea directly to the head of the group, Steve Mitchell.[19] According to Mr. Claude, FMR's college savings group was in some turmoil at the time of the discussions with Savor because the group and its programs seemed to be attracting undesirable low balance accounts. Mr. Mitchell was assigned by FMR to the college savings group specifically to address this phenomenon. Accordingly, Mr. Claude thought it best to present the Savor idea directly to the man who would be most likely to have concerns about it.[20] As Mr. Claude expected, Mr. Mitchell was not interested in Savor and directed Mr. Claude to communicate as much to Mr. Doyle. Mr. Claude complied.[21] Despite Mr. Doyle's effort to address FMR's concerns, FMR held firm that it was not interested in pursuing a partnership with Savor.[22]

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[19] *Id.* at 97-104.

[20] *Id.* For his part, Mr. Mitchell did not recall discussing the Savor program with Mr. Claude and had only recently heard of Savor at the time of his deposition. D.I. 180, Ex. 12, at 35-37. Each of Mr. Claude's colleagues within the college savings group, including Mr. Fadule, likewise denied knowing anything about the Savor program during the time Mr. Doyle and Mr. Claude were discussing the idea. D.I. 173, Ex. 6, at 98-99, 105-06; Ex. 7, at 47; Ex. 8, at 50; Ex. 9, at 26-27; Ex. 12, at 48.

[21] D.I. 180, Ex. 7, at 102-103, 106-107.

[22] *Id.* *See also* D.I. 180, Ex. 2, at 231-34.

C. The Development of the Upromise Program

In 1999, Michael Bonner, an executive with a Boston-based marketing firm, developed a college savings program that would eventually become Upromise.[23] Like Mr. Doyle, Mr. Bonner had no experience with marketing or developing financial products prior to the creation of Upromise.[24]

During 1999, Mr. Bonner began to assemble a management team and further refine his idea.[25] By February, 2000, Upromise had determined that it would focus its efforts on college savings through an affinity marketing program that would target vendors in designated industries to provide rebates to consumers for ultimate deposit into 529 accounts.[26] Upromise's July 13, 2000 Business Plan describes a web-based program whereby consumers would enroll in the Upromise plan, set up their Upromise account, and then purchase goods or services from Upromise's "commerce partners" by any means allowed by the vendor (not limited to credit card purchases)

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[23] D.I. 180, Ex.17, at 19-21, 40.

[24] *Id*. at 20-21.

[25] D.I. 180, Ex. 18, at 15-18.

[26] D.I. 180, Ex. 40, 41, 43.

in exchange for cash rebates.[27] The rebate funds then would be deposited into a 529 account managed by any one of several "financial services partners" with whom Upromise had an arrangement.[28] Upromise would be paid a commission by commerce partners based on member spending, a sponsorship fee by commerce partners based on their level of participation in the Upromise program, an administrative service fee from financial service partners based on a predetermined percentage of assets under management, and a customer acquisition fee from selected commerce and financial service partners based on new customer acquisitions.[29] The Upromise plan was introduced to the public in April, 2001.[30]

D. The Alleged Misappropriation of the Savor Trade Secret by FMR and Upromise

James Fadule worked at FMR until October, 1998. At the time Savor was in discussions with FMR, Mr. Fadule was an executive in FMR's college savings group and a direct supervisor of Abram Claude. From October, 1998 through April, 2000,

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[27]DI 180, Ex. 35. The form in which the rebate would appear in the member's Upromise account, along with other components of the Upromise program, evolved as the idea itself evolved. The Upromise rebate began as a points system that would eventually be converted into cash, then a hybrid rebate system was contemplated, and then (and finally) a straight cash rebate system was adopted. D.I. 180, Ex. 17, at 56, 58-59, 77-78.

[28]D.I. 180, Ex. 35.

[29]*Id.*

[30]D.I. 180, Ex. 11, Resp. No. 20.

Mr. Fadule worked with Merrill Lynch. In April, 2000, Mr. Fadule joined Upromise as Vice President of Financial Services.[31] Although Mr. Bonner had already begun to focus Upromise on 529 college savings plans, Mr. Fadule's initial mission with Upromise was to assist in linking these plans with customer loyalty initiatives.[32]

While employed with Merrill Lynch, Mr. Fadule arranged a meeting with Mr. Claude (FMR) and other competitors in the 529 market to discuss regulatory compliance and other process issues.[33] It is possible that he spoke with Mr. Claude on other occasions as well during this time frame, including to discuss possible employment opportunities for Mr. Claude in the financial services industry.[34] When Mr. Fadule joined Upromise, he spoke with Mr. Claude about his new role there and described what Upromise was trying to do.[35] It was Mr. Fadule's hope that he could plant the seed for a future business relationship between Upromise and FMR.[36] This relationship would later come to fruition in the form of a Marketing and Service

[31]D.I. 180, Ex. 10, at 125, 178.

[32]*Id.* at 179.

[33]*Id*. at 114-15.

[34]*Id.* at 117; D.I. 180, Ex. 7, at 120-23, 127, 156.

[35]D.I. 180, Ex. 10, at 161-63.

[36]*Id.*

Agreement, although the principal architects of the deal were not Claude or Fadule.[37] Mr. Claude joined Fleet Boston in 2002 and was instrumental in bringing about an unspecified "business relationship" between Fleet Boston and Upromise later that year.[38]

According to Savor, the details of its program were transmitted by Mr. Claude to Mr. Fadule. Mr. Fadule, in turn, misappropriated the trade secret for Upromise's benefit.[39] As discussed below, the details surrounding the alleged transmission of the secret are murky at best.

IV.

When considering a motion for summary judgment, the Court's function is to examine the record to determine whether genuine issues of fact exist.[40] A dispute about a material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the non-moving party."[41] It has been said, then, that "the availability of summary judgment turn[s] on whether a proper jury question . . . [has

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[37] *Id. See also* D.I. 180, Ex. 11, Resp. No. 76, 78.

[38] *Id.* Resp. No. 70. *See also* D.I. 180, Ex. 7, at 41.

[39] D.I. 179, at 27-28.

[40] *Oliver B. Cannon & Sons, Inc. v. Dorr-Oliver, Inc.*, 312 A.2d 322, 325 (Del. Super. Ct. 1973).

[41] *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 248 (1986).

been] presented."[42]

In reviewing a motion for summary judgment, the Court's function "is not . . . to weigh the evidence and [itself] determine the truth of the matter, but [rather] to determine whether there is a genuine issue for trial."[43] Since the grant of summary judgment will deny the non-moving party his day in court, the Court must view the record in a light most favorable to the party opposing the motion.[44] The moving party bears the initial burden of establishing the absence of any genuine issues of material fact.[45] If the moving party carries its initial burden, then the burden will shift to the non-moving party to demonstrate the existence of material issues of fact.[46] When the party opposing summary judgment is the party who will bear the burden of persuasion at trial, that party is obliged to point to facts in the record that will support its *prima facie* case at trial.[47]

[42] *Id.* at 249.

[43] *Id.*

[44] *Id.*

[45] *Moore v. Sizemore*, 405 A.2d 679, 680 (Del. 1979).

[46] *Id.* at 681.

[47] *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986).

"[A] complete failure of proof concerning an essential element . . . necessarily renders all other facts immaterial."[48] Even a "scintilla of evidence in support of the nonmovant's position will not defeat a motion for summary judgment."[49] The record on summary judgment must contain "sufficient evidence favoring the nonmoving party for a jury to return a verdict for that party. If the evidence is merely colorable, or is not significantly probative, summary judgment may be granted."[50]

The Court does not expect, nor does it require, that a party opposing summary judgment shall present its entire case to the court in every detail. But the law does require and, therefore, the court does expect that the nonmoving party will do more than simply rest on the allegations in the pleadings or new-found allegations that it raises in its summary judgment papers with hopes that evidence may surface at trial

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[48] *Id.* at 323.

[49] *Detrick v. Panalpina, Inc.*, 108 F.3d 529, 536 (4th Cir.), *aff'd sub nom*, *Gold v. Panalpina, Inc.*, 522 U.S. 810 (1997).

[50] *Anderson*, 477 U.S. at 249-50.

to support them.[51] The time and place for coming forward with appropriately authenticated and admissible evidence to rebut a properly supported motion for summary judgment is in the papers and record submitted in opposition to the motion.[52]

V.

The only claim still remaining in this case is misappropriation of trade secrets. The claim is governed by statute[53] and implicates the following inquiries: "(1) Does

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[51] *See Liboff v. Allen,* 1975 WL 1961, at *4 (Del. Ch.)("[I]t [is] incumbent on plaintiff to come forward with proof on which she relies to dispute the evidence on which defendants premise their motions. She is not entitled to await trial so as to see if she can find any.")(citation omitted); *Conaway v. Smith*, 853 F.2d 789, 793 (10th Cir. 1988)("In a response to a motion for summary judgment, a party cannot rely on ignorance of facts, on speculation, or on suspicion, and may not escape summary judgment in the mere hope that something will turn up at trial."); Adv. Comm. Note to Proposed Amendments to Rule 56(e)("The very mission of the summary judgment procedure is to pierce the pleadings and to assess the proof in order to see whether there is a genuine issue for trial.").

[52] *See Monsanto Co. v. Aetna Casualty and Surety Co.*, 1993 WL 563246, at *1 (Del. Super.)(emphasizing that "a party cannot oppose a motion for summary judgment on the basis of unauthenticated and inadmissible documents.")(citations omitted).

[53] DEL. CODE ANN. tit. 6, §2001 (1999) *et seq.* The parties have not specifically addressed the choice of law but appear to assume that Delaware's Uniform Trade Secret Act (the "Act") applies to this controversy. The only state with an arguably more significant relationship with this dispute is Massachusetts and it too has adopted the Uniform Trade Secrets Act. *See* MASS. GEN. LAWS ANN. ch. 93, § 1 (2004) *et seq. See also Travelers Indem. Co. v. Lake*, 594 A.2d 38, 47 (Del. 1991)(adopting RESTATEMENT (SECOND) OF CONFLICTS OF LAWS, §145's "most significant relationship" test); *Merck & Co. v. SmithKline Beecham Pharm. Co.*, 1999 WL 669354, *14-15 (Del. Ch.), *aff'd,* 766 A.2d 442 (Del. 2000)(noting that both Delaware and Maryland bore an equally significant relationship to the controversy and that both states applied the Uniform Trade Secrets Act, the Court adopted the Act as the governing law and considered all decisions interpreting the Act to be persuasive authority); *Rohm & Haas Co. v. Adco Chem. Co.*, 689 F.2d 424, 429 (3d Cir. 1992)(noting that when a "false conflict" exists, the court need not resolve the choice of law issue). The Court will apply the Act and cases interpreting the Act.

a trade secret exist, *i.e.*, have the statutory elements - commercial utility arising from secrecy and reasonable steps to maintain secrecy - been shown; (2) has the secret been communicated by plaintiff to the defendant; (3) was such communication pursuant to an express or implied understanding that the secrecy of the matter would be respected; and (4) has the secret information been improperly (*e.g.*, in breach of the understanding) used or disclosed by the defendant to the injury of the plaintiff?"[54] The Court will address the elements of the claim *seriatim.*

A. Does a Trade Secret Exist?

"Trade secret" is defined in the Act as: "Information, including a formula, pattern, *compilation*, program, device, method, technique or process that [d]erives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and [i]s the subject of efforts that are reasonable under the circumstances to maintain its secrecy."[55] "A party alleging misappropriation of a trade secret has the burden of proving the existence of the trade secret."[56] And, at the summary judgment stage, the plaintiff must do more than allege

[54] *Wilimington Trust Co. v. Consistent Asset Mgt. Co.,* 1987 WL 8459, at *3-4 (Del. Ch.).

[55] DEL. CODE ANN. tit. 6, §2001(4) (1999)(emphasis supplied).

[56] *Dionisi v. DeCampli*, 1995 WL 398536, at *11 (Del. Ch.). *See also ID Biomedical Corp. v. TM Technologies, Inc.*, 1995 WL 130743, at *14 (Del. Ch.)(same).

it has a trade secret, it must describe its trade secret with a "reasonable degree of precision and specificity . . . such that a reasonable jury could find that plaintiff established each statutory element of a trade secret."[57]

In this case, Savor has alleged that its trade secret is "a unique combination of unified characteristics, components, applications, compilations [sic] of business information, methods, techniques, processes, and operations of marketing, monitoring and administration of a college savings program."[58] Savor acknowledges, albeit reluctantly,[59] that its so-called "compilation" trade secret is comprised in large part of publicly available information and ideas but points the Court to the legion of cases that hold that a unique combination of public information and ideas can be worthy of

[57] *IDX Systems Corp. v. Epic Systems, Corp.,* 165 F. Supp. 2d 812, 816-17 (W.D. Wisc. 2001). *See also Glynn Interactive, Inc. v. Itelehealth, Inc.,* 2004 WL 439236, at *5 (D. Md.)(plaintiff must describe trade secret with particularity); *AMP Inc. v. Fleischhacker*, 823 F.2d 1199, 1203 (7th Cir. 1987)("courts have warned plaintiffs of the risks they run by failing to identify specific trade secrets and instead producing long lists of general areas of information which contain unidentified trade secrets.")(citation omitted); *Callaway Golf Co. v. Dunlop Slazenger Group Americas, Inc,* 2004 WL 1124758, at *4 (D. Del.)("the plaintiff should describe the subject matter of the trade secret with sufficient particularity to separate it from matters of general knowledge in the trade or of special knowledge of those persons . . . skilled in the trade.").

[58] D.I. 180, Ex. 29, Resp. No. 1.

[59] *See, e.g.,* D.I. 180, Ex. 2, at 27-29 (at first Mr. Doyle suggests that the idea for applying rebates to college savings was confidential and then, on further questioning, acknowledges that the idea was not confidential at the time it was communicated to FMR); *id.* at 99-100 (at first Mr. Doyle suggests that use of credit card to accomplish rebates for college savings was confidential, then he acknowledges that the idea was not confidential).

trade secret protection.[60] When the plaintiff claims a "compilation" trade secret, courts generally require that the trade secret be identified with even greater specificity.[61]

Defendants have contended throughout this litigation that the Savor program is nothing more than a business-school model for affinity marketing utilizing rebates to generate customer loyalty. They also contend that the idea of marrying affinity marketing with college savings and 529 plans cannot rise to the level of a trade secret because there was nothing secret about it as of the time Mr. Doyle disclosed the Savor program to Mr. Claude.[62] Indeed, among the information supplied by Mr. Doyle to Mr. Claude was an article published in *American Banker,* a daily financial newspaper, that described the Savor concept of college savings through consumer rebates in

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[60]*See Merck & Co., Inc.*, 1999 WL 669354, at *15 ("A commercial production process consisting of a 'combination of the principles and details used to make a product' can be a trade secret, as can elements of the process . . . [t]he combination of steps into a process is a trade secret, even if all the component steps are known, so long as it is a 'unique process which is not known in the industry.'")(citations omitted); *Callaway Golf Co.,*2004 WL 1124758, at *6 ("trade secret misappropriation can . . . be based on a combination of otherwise public domain information."); *Harbor Software, Inc. v. Applied Systems, Inc.*, 887 F. Supp. 86, 90 (S.D.N.Y. 1995)("A trade secret can exist in a combination of characteristics and components, each of which, by itself, is in the public domain, but the unified process, design and operation of which in unique combination affords a competitive advantage and is a protectable trade secret.")(citations omitted).

[61]*See, e.g., Struthers Scientific & International Corp. v. General Foods Corp.*, 51 F.R.D. 149, 153 (D. Del. 1970)(requiring greater specificity in interrogatory answers regarding alleged trade secret comprised of a combination of elements.)

[62]*See CVD Inc. v. Raytheon Co.*, 769 F.2d 842, 850 (1st Cir. 1985)("The cornerstone of a trade secret . . . is secrecy.").

significant detail.[63] The article described the Savor credit card, the consumer rebates that would fund the state-sponsored college tuition savings plans, the marketing ideas promoting the plan (*e.g.*, "It's found money"), and the research supporting the need for the plan (*e.g.*, data on rising tuition costs) that make up a large part of Savor's alleged trade secret.[64] This information clearly was in the public domain by the time Mr. Doyle first approached FMR with his idea.[65]

But, according to Mr. Doyle, there was more to the Savor trade secret than was published in the *American Banker* article.

[REDACTED]

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[63]*See* D.I. 180, Ex. 48, at Savor 016-19.

[64]*Compare id. with* D.I. 180, Ex. 29, Resp. No. 1 (Savor's description of its trade secret).

[65]*See CVD, Inc.*, 769 F.2d at 850 ("Once a trade secret enters the public domain, the possessor's exclusive rights to the secret are lost.").

[REDACTED]

Although the subject of some debate, it is generally recognized that "[t]he existence of a trade secret is a question of fact for determination by the jury."[66] And, in this regard, the Court must recognize that it will often "lack[] the technical expertise to evaluate on its own whether the information plaintiff claims is secret is, in fact, not generally known in the industry."[67]

In this case, Savor has managed through much of the litigation to skirt the question of whether it, in fact, possesses a trade secret by describing its alleged secret with elastic terms and phrases that track, in large part, the statutory definition of

[66] CALLMAN, UNFAIR COMPETITION, TRADEMARKS & MONOPOLIES §53.3 at 390 (3d ed. Supp. 1973). *See also SmithKline Beecham Pharm. Co. v. Merck & Co.*, 766 A.2d 442, 448 (Del. 2000)(same). *But see FMC Corp. v. Spurlin*, 596 F. Supp. 609, 613 (W.D. Pa. 1984)("While the question of whether plaintiff possesses a trade secret is ultimately a question of law, there must be a factual predicate for resolving that question.")(citation omitted).

[67] *Harbor Software, Inc.,* 887 F.Supp. at 90.

"trade secret" but do little meaningfully to explain how the Savor program works or how its combination of components is unique.[68] Savor correctly notes that its interrogatory response did attempt to describe the trade secret with more detail than the incantation of statutory language that had been a feature of its prior disclosures. But even there Savor made no attempt to articulate why or in what manner the compilation of "ideas, methods, processes, techniques, etc." was secret.[69]

When read in a light most favorable to Savor, however, the Court is satisfied that the interrogatory response, coupled with Savor's ITS, verified by Mr. Doyle, and Mr. Doyle's deposition, provide enough information to allow a reasonable fact-finder to conclude that Savor's college savings program was a trade secret worthy of statutory protection. Clearly, neither the idea of linking college savings with an affinity marketing program nor the use of a credit card for doing so were secret.

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[68]*See, e.g.,* D.I. 180, Ex. 30, at ¶6 (Savor's third amended complaint describes the trade secret as "marketing strategies, methods, techniques, and processes for extracting payments from program participants, aggregating the funds until they met minimum payment requirements under a State Qualified Tuition Plan, and then paying them over to the plan."); D.I. 180, Ex. 29, Resp. 1 (Savor's interrogatory response describes the trade secret as a "unique combination of unified characteristics, components, applications, compilations of business information, methods, techniques, processes, and operations of marketing, monitoring and administration of a college savings program."); D.I. 180, Ex. 26 (Savor's expert relies upon description of the trade secret set forth in Savor's interrogatory response and then continues to refer to the "unique marketing strategies, methods, techniques and processes" throughout the balance of the report).

[69]D.I. 180, Ex. 29, Resp. 1. *See Struthers Scientific & Int'l Corp.,* 51 F.R.D. at 153 (to describe the trade secret adequately, plaintiff was ordered to disclose not only the "unique combination of components" it claimed constituted its trade secret, but also "how these components are combined, and how they operate in a unique combination.").

Nevertheless, a reasonable jury could conclude that the means by which the program would be implemented,

[REDACTED]

in the mind of a reasonable juror, be a trade secret, *i.e.,* the entire program could "[d]erive[] independent economic value, actual or potential, [for Savor] from not being generally known to, and not being readily ascertainable by proper means by, other persons who [might] obtain economic value from its disclosure or use."[70]

The "trade secret" inquiry does not end here. The defendants have argued that Savor did not take reasonable steps to maintain the secrecy of the Savor program as required by statute.[71] Specifically, they contend that Savor's failure to secure a confidentiality agreement from Mr. Claude (who refused to give one) prior to supplying its alleged secret to FMR is fatal to Savor's trade secret argument. Clearly, a plaintiff claiming a misappropriation of its trade secrets must establish that it took

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[70] DEL. CODE ANN. tit. 6, §2001(4) (1999). *See Nilssen v. Motorola, Inc.*, 963 F.Supp. 664 (N.D. Ill. 1997).

[71] *Id.*

reasonable steps to protect the secrecy of its idea.[72] The proof offered to satisfy this element of the claim, however, need not take the form of an express confidentiality agreement.[73] "Rather, a duty of confidentiality may be implied from the circumstances surrounding the parties' relationship."[74] And the duty of confidentiality is not destroyed merely because the holder "disclosed its trade secrets to 'a limited number of outsiders for a particular purpose....'"[75] "On the contrary, such disclosure, which is often necessary to the efficient exploitation of a trade secret, imposes a duty of confidentiality on the part of the person to whom the disclosure is made."[76] Whether the party in possession of the alleged trade secrets used reasonable efforts to maintain its secrecy is a question of fact.[77]

Here, defendants make much of the fact that Savor not only supplied its information to FMR with no written express agreement of confidentiality, it also

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[72]*See Merck & Co., Inc.*, 1999 WL 669354, at *19; *Rypac Packaging Machinery Inc. v. Coakley,* 2000 WL 567895, at *9 (Del. Ch.).

[73]*See Nilssen*, 963 F. Supp. at 679 ("While an express confidentiality agreement may certainly suffice to define the duty of confidentiality necessary for action under [the Act], the existence of such an agreement is not a prerequisite to such an action.")(citation omitted).

[74]*Id.* (citation omitted). *See also Smith v. Dravo Corp.*, 203 F.2d 369, 376 (7th Cir. 1953)(party may take reasonable efforts to maintain confidentiality of trade secret information without express confidentiality agreement.).

[75]*Rockwell Graphic Systems, Inc. v. DEV Indus., Inc.*, 925 F.2d 174, 177 (7th Cir. 1991).

[76]*Id.*

[77]*Id.* at 180.

supplied the same information to several other third parties, including vendors (such as Ford Motor Co.), and state treasurers' offices (such as New Hampshire's, Ohio's and Delaware's), also with no written commitment of confidentiality in hand. Mr. Doyle testified that he secured oral commitments from these third parties that the information would be kept confidential.[78] Such limited disclosures under these circumstances do not *ipso jure* destroy the trade secret status of the information.[79]

Moreover, Mr. Doyle also testified that he extracted an oral commitment from Mr. Claude that FMR would keep the materials it received from Savor confidential.[80] Although Mr. Claude does not recall this discussion with Mr. Doyle,[81] whether it occurred and, if so, whether the oral commitment of confidentiality obtained by Savor was a "reasonable" measure to maintain the secrecy of the Savor program, would both be questions of fact for the jury to decide.

B. Was the Trade Secret Misappropriated?

"Unauthorized use of trade secret information and unauthorized disclosure of

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[78]D.I. 180, Ex. 2, at 27. He also testified that he did not supply all of the details of the Savor program to these third parties. *Id.* at 44-45.

[79]*See Rockwell Graphic Systems, Inc.,* 925 F.2d at 177.

[80]D.I. 180, Ex. 2, at 203-06.

[81]D.I. 180, Ex. 7, at 71.

trade secret information constitutes misappropriation."[82] Misappropriation includes not only the wholesale pirating of an idea, but also the unauthorized utilization of an idea "as a starting point or guide in developing a process," or as a means "to understand 'what pitfalls to avoid.'"[83]

Rarely will the plaintiff in a misappropriation of trade secrets case discover the "needle" in his opponent's "hay stack" of documents. Nor is it likely that plaintiff's counsel will enjoy the "Perry Mason moment" when the defendant's chief executive officer buckles under the weight of cross examination and admits that his company has misappropriated the plaintiff's trade secret. Consequently, it is now well-settled that the plaintiff may prove misappropriation of trade secrets with circumstantial

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[82]*Merck & Co.*, 1999 WL 669354, at *19 (citing DEL. CODE ANN. tit. 6, §2001(2) (1999)). *See also Pulsecard, Inc. v. Discover Card Services, Inc.,* 1996 U.S. Dist. LEXIS 3660, at *30 (D. Kan.)("Under the Act, misappropriation may occur under either of two general sets of circumstances: (1) improper acquisition, or (2) improper disclosure or use.").

[83]*Merck & Co., supra,* at *20 (citations omitted). *See also Mangren Research & Dev. Corp. v. Nat'l Chemical Co., Inc.*, 87 F.3d 937, 944 (7th Cir. 1996)("the user of another's trade secret is liable even if he uses it with modifications or improvements upon it effected by his own efforts, so long as the substance of the process used by the actor is derived from the other's secret.")(citation omitted). In this case, the defendants argue that because Savor has insisted that its trade secret is comprised of all of the elements of its Savor program, and that none of the elements can be separated from the whole, Savor must establish a misappropriation of the entire program to prevail. D.I.. 183, at 12 (citing *Vital State Canada, Ltd. v. Dreampak, LLC*, 303 F.Supp. 2d 516, 529 (D. N.J. 2003)(an "assertion that the trade secret is the combination of the elements is crucial ... since it means that to prove use of the trade secret, [plaintiff] must prove use of each and every element in combination."). Given the Court's conclusion that the undisputed evidence does not support a claim that the defendants misappropriated *any* element of the Savor program, the Court need not address this potential inconsistency in the case law.

evidence.[84] Nevertheless, "[a]gainst this often delicate construct of circumstantial evidence there frequently must be balanced defendants and defendants' witnesses who directly deny everything."[85]

Savor acknowledges that it has no direct evidence that the defendants misappropriated its trade secrets. It seeks, therefore, to prevail on its claim of misappropriation by attacking the credibility of the defendants' witnesses, all of whom have flatly denied in sworn testimony that any misappropriation of Savor's trade secret has occurred here.[86] Although Savor contends that there is ample fodder with which to attack the credibility of the defendants' sworn denials of misappropriation, this alone will not suffice to defeat a properly supported motion for

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[84]*See Merck & Co., supra,* at * 20 ("'Misappropriation of trade secrets may be proven by circumstantial evidence,' and more often than not, 'plaintiff must construct a web of perhaps ambiguous circumstantial evidence from which the trier of fact may draw inferences which convince him that it is more probable than not that what plaintiffs allege happen did in fact take place.")(citations omitted); *SI Handling Systems, Inc. v. Heisley*, 753 F.2d 1244, 1261 (3d Cir. 1985)(same)(citation omitted); *Computer Sciences Corp. v. Computer Assoc. International, Inc.,* 1999 U.S. Dist. LEXIS 21803, *38 (C.D. Cal)("a number of cases have 'rejected the notion that only a smoking gun will suffice to defeat a motion for summary judgment' in a trade secret action.")(citations omitted).

[85]*SI Handling Systems, Inc.*, 753 F.2d at 1261 (citation omitted).

[86] *See*, *e.g.,* D.I. 180, Ex.7, 10, 12, 17, 20, 49.

summary judgment or to carry Savor's *prima facie* burden at trial.[87] In the face of this realization, Savor has contended that it will prove with circumstantial evidence that the defendants had "motive and opportunity" to misappropriate its trade secret and that the Upromise program is sufficiently similar to the Savor program to give rise to an inference of misappropriation.

As discussed below, Savor's theory of misappropriation, like its trade secret argument, is elastic; the theory expands and contracts with each defense argument indicating that dispositive relief is appropriate. This time, however, even the deference to which Savor is entitled as the non-moving party cannot save its ill-conceived and unsupported theory of misappropriation. The undisputed evidence of record simply does not provide a reasonable basis upon which a jury could find for Savor on this fundamental element of its *prima facie* case.

The link between Savor and Upromise, at least for purposes of Savor's misappropriation claim, is FMR. Savor alleges that Mr. Doyle disclosed the trade secret to Mr. Claude while Mr. Claude was employed with FMR. Mr. Claude, in turn, disclosed the trade secret to Mr. Fadule. Savor's various arguments regarding the

[87]*See Vantage Point, Inc. v. Parker Brothers, Inc.*, 529 F. Supp. 1204, 1213-14 (E.D.N.Y. 1981)("If the most that can be hoped for is the discrediting of the defendants' denials at trial, no question of material fact is presented.")(citations omitted); *Harbor Software, Inc. v. Applied Systems, Inc.*, 887 F.Supp. 86, 89 (S.D.N.Y. 1995)("An issue of credibility is insufficient to preclude the granting of a motion for summary judgment.")(citing *Matsushita Elec. Indus., Inc. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986)).

timing of this latter disclosure - - Claude to Fadule - - are perhaps the best illustrations of the moving target that is its misappropriation theory.

In its interrogatory responses, Savor argued that FMR could have disclosed Savor's trade secret to Upromise during the negotiation of what would eventually become the Marketing and Services Agreement.[88] The participants in the misappropriation are not specifically identified under this theory. Alternatively, Savor alleged that the disclosure could have occurred when Upromise hired one of several former employees of FMR.[89] Once again, the participants are not specifically identified. In its briefing on this motion, Savor suggested that it would prove circumstantially that Mr. Claude transmitted the secret to Mr. Fadule while both worked at FMR and that Mr. Fadule shared the secret with Upromise upon his employment there in April 2000.[90] At oral argument, when confronted with FMR's argument that it could not be held responsible for Mr. Fadule's conduct after he left FMR, counsel for Savor contended that the transmission between Claude and Fadule could have occurred after Fadule had joined Upromise and while Claude was still

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[88]*See* D.I. 180, Ex. 4, Resp. 23.

[89]*Id.*

[90]D.I. 179, at 27.

employed with FMR.[91] Under this theory, Claude, not Fadule, transmitted the secret to Upromise (through Fadule).

In the absence of *any* evidence of disclosure - - from Claude to Fadule, from Fadule to Upromise, or from FMR to Upromise - - Savor is left to argue that transmission *must have occurred* because the relevant players had access to each other and because the Savor and Upromise programs are so similar. Clearly, the opportunity to acquire information is not the same as actually acquiring it. Savor cannot withstand the defendants' motions for summary judgment with a mere showing that the defendants had the opportunity to misappropriate.[92] It must couple this showing with a showing that the Upromise program "bears a substantial identity" with its own program.[93] Accordingly, a comparison of the two college savings programs, as they existed before and after Mr. Fadule's arrival at Upromise, must be

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[91]Transcript of oral argument unavailable as of this writing.

[92]*See SEC v. Truong*, 98 F. Supp. 2d 1086, 1101 (N.D. Cal. 2000)("opportunity" to acquire knowledge insufficient to support inference of knowledge). *See also Greenberg v. Cryodon Plastics Co.*, 378 F. Supp. 806, 812 (E.D. Pa. 1974)(plaintiff does not prove misappropriation when evidence establishes that defendant could have developed similar method independently).

[93]*See Callaway Golf Co.*, 2004 WL 1124758, at *8 ("In order to prove that a defendant's use of a trade secret or confidential material constitutes misappropriation, the . . . plaintiff must show 'that defendant's product bears a substantial identity with [its] secrets.").

undertaken in order to evaluate the viability of Savor's misappropriation claim.[94]

The Court begins its analysis by identifying those elements of the Upromise program that could not, as a matter of pure timing, be the product of misappropriation of Savor's program, *i.e.*, elements that existed long before Mr. Fadule or any other FMR employee arrived on the Upromise scene. First and foremost, the core concept animating both programs - - marrying college savings with affinity marketing (rebates) - - was part of the Upromise program from the time it first graced a drawing board in 1999.[95] The research suggesting the need for the program was also in Upromise's hands as of 1999.[96] The use of computers to support the program, the use of scholarships to promote the program, and the use of research to target the program all were part of the Upromise program in 1999.[97] The program was designed as a web-based service; the use of a credit card to facilitate the purchases and rebates apparently was not considered.[98]

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[94]According to Savor, Mr. Fadule either transmitted information to Upromise that he acquired from Mr. Claude while both were employed at FMR, or he received information from Mr. Claude after joining Upromise. Either way, Mr. Fadule is the ultimate transmitter of the information to Upromise and his arrival there in April 2000 marks time when the "opportunity" for misappropriation would begin.

[95]D.I. 180, Ex. 45.

[96]*Id.*

[97]*Id.*

[98]*Id.* Indeed, the Court has found no reference in the entire record that would suggest that Upromise ever seriously considered using a credit card as the means to facilitate its program.

[REDACTED]

It had also developed a critical component of the program - - its name, "Upromise."[99]

[REDACTED]

[99] *Id.*

Significantly, Savor contends that all of these prominent features of the Upromise program were also features of its program and were misappropriated by FMR and Upromise.[100] Yet all of these components were developed by Upromise well before the time frame in which the transmission of the trade secret could have occurred. While there may be some similarities, no reasonable juror could conclude that the similarities are anything but coincidental. The undisputed evidence, viewed in a light most favorable to Savor, demonstrates that Upromise came up with these ideas on its own.

The Court next considers the impact of the article published in *American Banker* describing the Savor program. As discussed above, many of the details of the Savor program were disclosed in that article, including: paying cash (as opposed to other currency) as rebates for purchases, using state-run college tuition savings plans as investment vehicles for the rebates, identifying State treasurers as partners for the program, describing the restricted access to the funds until it is time to pay for college, identifying the need for the program, and even identifying a marketing slogan ("It's found money").[101] Although the Court already has determined that the combination of these published components with others not published could qualify

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[100] *See* D.I. 179 at 18-27.

[101] D.I. 180, Ex. 48, at Savor 016-18.

as a trade secret, the comparison of these published components of the Savor program with similar components of the later-developed Upromise program cannot, without more, give rise to a reasonable inference of misappropriation.[102]

Savor also seeks to compare basic features of the two programs - - features that are so fundamental to any modern business organization that to be without them would be more remarkable. For instance, Savor points to the fact that Upromise offers a "toll-free 800" customer service line for customer support.[103] Not surprisingly, the Savor program would also provide similar customer support. Except perhaps for the corner lemonade stand, it is likely that every other customer-based business in this country offers direct-access customer support similar to Savor and Upromise. This is hardly a novel idea. Savor also identifies the fact that both its program and Upromise's program are supported by computer technology.[104] Again, the corner lemonade stand comes to mind. It would be more appropriate to compare

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[102] *See Callaway*, 2004 WL 1124758, at *8 (highlighting similarities between the allegedly offending product and the plaintiff's product based on information "well known in the public domain" or "commonly known in the industry" will not provide a basis to defeat summary judgment). *See also Destination Marketing, Inc. v. Kessler Financial Services, L.P.*, 00-CV-11775-MEL, Lasker, J. (D. Mass. Nov. 2, 2001)(Mem. Op. at 7, 12-13)(granting Upromise's motion for summary judgment as to a misappropriation of trade secrets claim brought by another competitor, the Court noted that the information in the *American Banker* article was well-known among the general public and within the credit card and financial services industries at the time the Upromise program was conceived).

[103] D.I. 179, at 26.

[104] *Id.* at 25.

the specific aspects of the computer technology used to support the two programs. This comparison yields nothing for Savor; the two systems are vastly different.

Finally, the Court must return to the fundamental differences between the Savor program and the Upromise program. These undisputed differences cannot be ignored and they are fatal to Savor's effort to attempt to prove misappropriation with circumstantial evidence.[105]

[REDACTED]

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[105] *See Destination Marketing, Inc.*, *supra*, at 13-14 ("Upromise's business plan is so significantly different from Destination Marketing's business plan that no reasonable jury could conclude that Upromise misappropriated the Destination Marketing plan.").

Indeed, in all of the voluminous information the Court has reviewed regarding the Savor program, there does not appear to be any direct explanation of how Savor is to be paid.[106] As best as the Court can discern from Savor's ITS (a document not supplied to Claude or FMR)

[REDACTED]

While both programs share the goal of marrying college savings with affinity marketing, the manner in which they accomplish that goal is fundamentally different.[107] These fundamental differences do not allow an inference of misappropriation.[108]

[106]At oral argument, Plaintiff's counsel was unable to direct the Court to any portion of the information supplied to FMR that describes this aspect of the Savor program.

[107]Interestingly, the program alleged to be unique and secret by the plaintiff in *Destination Marketing* as of December, 1998 (three months after the first disclosure of the Savor program to FMR) looks much more similar to the Savor program than the Upromise program has ever looked.

[108]*See, e.g., Calloway Golf Co.*, 2004 WL 1124758, at *8-9 (granting summary judgment on a misappropriation claim on the ground, *inter alia*, that plaintiff could not prove up a viable circumstantial claim for misappropriation); *First Federal Savings Bank v. CPM Energy Systems Corp.*, 1993 WL 138986, at *9 (Del. Super.)(same); *Storage Technology Corp. v. Cisco Systems, Inc.*, 2003 WL 22231544, at *6, 9 (D. Minn.)(same); *Computer Sciences Corp.*, *supra,* at * 39 (same).

VI.

The Court has extended all due deference to Savor on summary judgment and has concluded, in this context, that it has a viable claim that its "Savor program" constitutes a "compilation" trade secret. The same cannot be said, however, for Savor's claim that defendants misappropriated this secret. Even when viewing the evidence in a light most favorable to Savor, it is clear that no reasonable jury could conclude that either FMR or Upromise misappropriated the Savor program. Indeed, no reasonable juror could conclude that Upromise was ever even made aware of the Savor program prior to the development of its own college savings program. Consequently, defendants' motions for summary judgment must be **GRANTED.**

IT IS SO ORDERED.

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Judge Joseph R. Slights, III

Original to Prothonotary.