

# WhiteSparks

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**THIS ISSUE :****Volume 3, Issue 43: 24 March 2011**Rough Times for Renault: **Spying Scandal Tarnishes Manufacturers Reputation**Power Struggle: **Electricity Provider Sues Competitor**Drug Delivery Dispute: **Tekmira Commences \$1 Billion Trade Secrets Lawsuit**Flint Hills Fallout: **US Power Plant in the Centre of Trade Secret Lawsuit**Brown Contract Breach: **Insurer Sues Former Executives**Spies Braced for Lawsuit: **Orthopedic Giant Sues Fired Engineers for Theft of Trade Secrets****Rough Times for Renault: Spying Scandal Tarnishes Manufacturers Reputation**Read more: **WhiteSparks, Issues 38 and 39**

An official investigation into industrial spying at Renault has collapsed into farce and recrimination.

Last week the French carmaker apologised publicly to the three top executives it sacked over spying allegations at the beginning of 2011. Right before the announcement one of the company's own security officials, former defence intelligence officer Dominique Gevrey, was arrested in Paris. He was likely a member of the Renault internal investigation team dealing with the espionage claims last autumn, before the scandal broke out in the media.

The commercial espionage investigation that held newspaper headlines for three months ran into a cul-de-sac two weeks ago, when it was clear that the allegations were not backed up. Renault now believes it may have been hoaxed into thinking the executives had leaked information.

The consequences for Renault, however, could be very serious. Just recently the company was claiming to be the victim of a foreign predator, anxious for details of its much-vaunted green electric technology. Now, however, the carmaker's management has been exposed as reckless and dysfunctional, and the company's international image has been dealt a body blow.

WhiteRock's Managing Director Raili Maripuu says: "This case illustrates the consequences of being unprepared. Renault was faced with "an element of surprise" and was left with a short decision time. For such a big organisation as Renault, an appropriate containment or TSCM strategy to avoid public embarrassment and reputational damage is a must."

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**Power Struggle: Electricity Provider Sues Competitor**

Star Electricity Inc. (also Startex Power), has sued both a former employee and a business competitor for the use of the company's confidential information to poach its customers and energy brokers. The lawsuit was filed on 16 March 2011 in the Harris County District Court, US, against the defendants Emily Salinas and Champion Energy Services of Cy-Fair. Salinas had signed a confidentiality contract in September 2010. However, she breached it when using Startex's pricing data and broker agreements to solicit business for its competitor Champion Energy, according to the court papers.

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## Drug Delivery Dispute: **Tekmira Commences \$1 Billion Trade Secrets Lawsuit**

Tekmira Pharmaceuticals, the US Vancouver-based maker of technology to deliver RNA interference therapies, sued its partner Anylam Pharmaceuticals earlier this month. The lawsuit, filed in Massachusetts Superior Court accuses Anylam of misappropriation and misuse of trade secrets, know-how, and other confidential information and seeks damages of more than \$1 billion. According to Anylam, the complaint filed by Tekmira is without merit or foundation.

The two companies struck a formal licensing agreement in 2007, followed by a further manufacturing supply deal in 2009. The agreements provided Anylam the right to use the lipid nanoparticle technology. According to Tekmira the defendant then tried to copy the methods for its own proprietary delivery technology and shared the delivery technology with a third party. It is claimed that Anylam also sought patent protection on some of the methods that Tekmira has already patented. Tekmira's current lipid nanoparticle technology represents \$200 million of cumulative investment over the years.

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### DID YOU KNOW?

DuPont, Johnson&Johnson, Sony, Walt Disney and General Electric are just a few of many companies whose networks were recently hacked in to, reveals the "hactivist" group Anonymous.

Source: [NJ.com](#)



## Flint Hills Fallout: **US Power Plant in the Centre of Trade Secret Lawsuit**

Accusations of fraud and theft of trade secrets have sparked a multimillion-dollar lawsuit in the prospective sale of the Flint Hills nuclear plant in Odessa, US.

The Rexene Employees Association (REA) group filed a lawsuit on 15 March, claiming a joint venture partner Wexford Capital used the their confidential and proprietary information while offering to finance the purchase of the plant. Wexford later formed its own competing offer. The other defendants are Midmar Partners LLC, Reedland Capital Partners and Charles Davidson, the president of Wexford and a part owner of Midmar. The suit claims breach of fiduciary duty and contract, tortious interference with prospective business relationship, fraud and theft of trade secrets.

REA has been trying to purchase and re-open the power plant since September 2009. The group claims Wexford used the information given by the REA to delay the purchase, withdraw from the venture and then presented a competing offer to Flint Hills Resources.

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## Brown Contract Breach: **Insurer Sues Former Executives**

The Insurance agency Brown&Brown has sued a group of its former top executives, including former vice chairman, for alleged breach of contracts. The lawsuit was filed in the US Volusia County civil court on 11 March. It claims Jim Henderson and Tom Riley used the company's trade secrets and their insider knowledge to form a rivaling insurance broker, Assured Agencies.

Henderson worked for Brown&Brown from in 1985-2010 as a vice chairman and chief operating officer, whereas Riley was a 21-year employee and a regional president until January 2011. The company now tries to avoid paying Riley \$400,000 from a negotiated separation agreement, which stated he must avoid direct contact with its employees. Henderson's Brown & Brown contract also stated he could not solicit employees for work for two years after he left the company.

The lawsuit, however, claims the men made job offers to three other Brown&Brown employees, who joined Assured and are now also the defendants in the lawsuit. Neither Henderson or Riley was reached to comment on the pending litigation.

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## Spies Braced for Lawsuit: **Orthopedic Giant Sues Fired Engineers for Theft of Trade Secrets**

The London-based medical device manufacturer Smith&Nephew has sued nine former employees from its Memphis-based orthopaedic unit for \$56 million over breach of contract and misappropriation of trade secrets. A multimillion-dollar lawsuit was filed in Shelby County Chancery Court, US.

The company uncovered a conspiracy involving several engineers, their managers, the department supervisor, and a director earlier this month. The employees, who were fired two weeks ago, were allegedly trying to use their insider knowledge to start a competing business. Smith&Nephew also filed a temporary restraining order against them.

At issue in the case is Smith&Nephew's patient matched instrumentation program for knee replacement surgeries that increases surgical efficiency. The accused nine employees planned a "mass resignation" to start their own business using the technology they helped develop since 2008.

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