

Bird Marella Obtains Dismissal in Federal Trade Secret Dispute for Compass

Bird Marella partner Elliot Harvey Schatmeier and associate Miri Gold secured a judgment in favor of their client Compass Inc. (NYSE: COMP) in a federal trade secret lawsuit brought against it by one of its competitors in the U.S. District Court for the Central District of California. The plaintiff alleged that Compass misappropriated trade secrets when Compass hired the plaintiff's real estate agents and allegedly turned a blind eye to the agents' alleged use of the plaintiff's 76,000 real estate "leads" to sell properties for Compass. The Complaint also alleged various California torts causes of action, including violation of Business and Professions Code Section 17200 and breach of contract. Compass denied the allegations and moved to dismiss the Complaint in its entirety. The Honorable Kenly K. Kato granted Bird Marella's motion to dismiss the plaintiff's federal trade secret claim, agreeing that the Complaint failed to allege Compass knew or should have known that the agent's sales were based on proprietary leads because Compass had made the agents attest that they would not bring over leads from the plaintiff. The Court dismissed the remaining tort claims as preempted by California's Uniform Trade Secret Act. The Court also dismissed the breach of contract claim on the basis that the plaintiff was not a third-party beneficiary of Compass's contract with the agents, and therefore lacked standing to pursue that claim.