

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

BIOHAVEN THERAPEUTICS LTD.)
and YALE UNIVERSITY,)

Plaintiffs,)

v.)

AVILAR THERAPEUTICS, INC. and)
RA CAPITAL MANAGEMENT GP, LLC,)

Defendants.)

Civil Action No. 23-328-JLH-CJB

REDACTED VERSION

REPORT AND RECOMMENDATION

In this case, Plaintiffs Biohaven Therapeutics Ltd. (“Biohaven”) and Yale University (“Yale,” and together with Biohaven, “Plaintiffs”) bring claims for trade secret misappropriation and breach of contract against Defendants Avilar Therapeutics, Inc. (“Avilar”) and RA Capital Management GP, LLC (“RA Capital,” and together with Avilar, “Defendants”). Presently pending before the Court is Defendants’ motion to dismiss all three Counts of the operative First Amended Complaint (“FAC”), filed pursuant to Federal Rule of Civil Procedure 12(b)(6) (“Defendants’ Motion” or “Defendants’ Motion to Dismiss” or “Motion”). (D.I. 192) For the reasons set forth below, the Court recommends that Defendants’ Motion be DENIED.

I. BACKGROUND

A. Factual Background

Professor David Spiegel, M.D., Ph.D., works at Plaintiff Yale, where he conducts research and develops drug molecules meant to attack and destroy targeted protein molecules in the body. (D.I. 164 at ¶¶ 1, 3) This technology is generally referred to as “targeted protein degradation.” (*Id.* at ¶ 1) According to Plaintiffs, Dr. Spiegel “discovered and developed an

entirely new approach to targeted protein degradation” using a class of bi-functional synthetic molecules (“MODA”) that could mediate the degradation of extracellular proteins. (*Id.* at ¶ 3)

In April 2018 and January 2019, Yale and Dr. Spiegel filed provisional patent applications (the “provisional applications”) with the United States Patent and Trademark Office (“PTO”) that were based on Dr. Spiegel’s MODA technology; these provisional applications contained “some” of the MODA-related asserted trade secrets that are at issue in this case (which are also referred to in the FAC as the “MODA Trade Secrets”). (*Id.* at ¶ 28) Yale and Dr. Spiegel later submitted two non-provisional patent applications (the “non-provisional applications”) containing similar disclosures and claiming priority to both prior provisional applications; these non-provisional applications published in October 2019. (D.I. 193 at 4 (citations omitted)) Years later, in January 2021, Plaintiff Biohaven signed an agreement with Yale to develop and commercialize the MODA technology; pursuant to this agreement, Biohaven “license[d] Yale’s MODA platform, obtaining all substantial rights in Yale’s patents directed to the MODA platform” and obtained lawful possession of the MODA Trade Secrets by way of a “license[.]” (D.I. 164 at ¶¶ 14, 86)

Defendant RA Capital is a venture capital fund focused on healthcare and life science companies. (*Id.* at ¶ 4; D.I. 195 at ¶ 2) In April 2019, RA Capital began discussions with Yale, and Dr. Spiegel about entering into a possible partnership related to developing the MODA technology. (D.I. 164 at ¶ 4) On April 9, 2019, Dr. Spiegel pitched his MODA technology to RA Capital in a presentation; that presentation involved only discussion of “high-level information” and did not reference the substance of any of the MODA Trade Secrets. (*Id.* at ¶¶ 4, 29-32)

Yale and RA Capital thereafter entered into a confidential disclosure agreement (the “CDA”). (*Id.* at ¶¶ 5, 31-32) The CDA was effective as of April 10, 2019; it states that it is “for the sole purpose of evaluating a possible contractual arrangement between the parties[.]” (*Id.*, ex. 1 at § 2; *see also* D.I. 164 at ¶¶ 5, 32) The CDA protects “Confidential Information[.]” which is information that is not publicly known and that relates to the “MODA platform for target degradation”; it also mandates that RA Capital could only use this Confidential Information for the purpose of “evaluating a possible contractual relationship between the parties” and could not disclose such information to third parties without Yale’s consent (except in certain limited circumstances, not applicable here). (*Id.*, ex. 1 at §§ 1, 2, 4; *see also* D.I. 164 at ¶¶ 33-35)

Between April and August 2019, Dr. Spiegel and RA Capital communicated about the MODA technology on numerous occasions, and Dr. Spiegel shared information about the asserted trade secrets with RA Capital in various ways. (*Id.* at ¶¶ 5, 29-64) Thereafter, in July and August 2019, Yale and RA Capital exchanged term sheets regarding a potential agreement. (*Id.* at ¶¶ 6, 57) The term sheets provided that RA Capital would provide Yale with millions of dollars in seed funding for the development of the MODA technology, in return for the assignment of all of Yale and Dr. Spiegel’s relevant intellectual property to a new company that RA Capital would control. (*Id.*) However, negotiations between the sides eventually broke down on August 19, 2019. (*Id.* at ¶¶ 6, 63)

The FAC alleges that thereafter, RA Capital secretly took steps to develop and commercialize the MODA Trade Secrets solely for its own benefit—that is, that it then planned to “simply st[ea]l Dr. Spiegel’s work[.]” (*Id.* at ¶ 65) To that end, members of RA Capital raised money to start a new company, called DegradCo, which was meant to develop protein

degrader technology, and they allegedly used the MODA Trade Secrets to do so in violation of the CDA. (*Id.* at ¶¶ 7, 66, 69) RA Capital is also otherwise alleged to have disclosed the MODA Trade Secrets to its own employees beyond those needed to evaluate any possible business arrangement with Yale. (*Id.* at ¶¶ 41, 82-83)

On December 5, 2019, RA Capital formed and incorporated Defendant Avilar in Delaware. (*Id.* at ¶ 67) Avilar and RA Capital are alleged to have filed patent applications related to “ASPGR-Binding Compounds for Degradation of Extracellular Proteins” and similar technology in January and August 2020; these applications became public in August 2021. (*Id.* at ¶¶ 71-72 (citing United States Provisional Application Nos. 63/063,015, 63/064,377 and 62/968,802, and PCT/US2021/015939)) These applications are alleged to have incorporated the MODA Trade Secrets, which Defendants disclosed therein as if they were their own. (*Id.*)

Additional facts relevant to resolution of the instant Motion will be discussed in Section III.

B. Procedural Background

Plaintiffs filed their initial Complaint on March 24, 2023. (D.I. 1)¹ In lieu of filing an answer, on February 8, 2024, Defendants filed a motion for judgment on the pleadings. (D.I. 112) Defendants later withdrew the motion for judgment on the pleadings after Plaintiffs filed their operative FAC on April 5, 2024. (D.I. 164)

The FAC contains three Counts:

- Count I: Misappropriation of Trade Secrets under the Defend Trade Secrets Act (“DTSA”) against both Defendants, (*id.* at ¶¶ 87-98);

¹ This case was eventually reassigned to United States District Judge Jennifer L. Hall on January 12, 2024, and Judge Hall referred this case to the Court on June 13, 2024 to resolve all pre-trial matters up to but not including summary judgment. (D.I. 217)

- Count II: Breach of Contract—i.e., breach of the CDA—against RA Capital, (*id.* at ¶¶ 99-103);
- Count III: Misappropriation of Trade Secrets under the Delaware Uniform Trade Secrets Act (“DUTSA”) against both Defendants, (*id.* at ¶¶ 104-15).

With regard to Counts I and III, which relate to claims of trade secret misappropriation, the FAC defines Plaintiffs’ MODA Trade Secrets to include, *inter alia*, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (*Id.* at ¶ 5)

Defendants filed the instant Motion on May 31, 2024. (D.I. 192) The Motion was fully briefed as of August 20, 2024. (D.I. 340)

II. STANDARD OF REVIEW

When presented with a Rule 12(b)(6) motion to dismiss for failure to state a claim, a court conducts a two-part analysis. *Fowler v. UPMC Shadyside*, 578 F.3d 203, 210 (3d Cir. 2009). First, the court separates the factual and legal elements of a claim, accepting all of the complaint’s well-pleaded facts as true, but disregarding any legal conclusions. *Id.* at 210-11. Second, the court determines whether the facts alleged in the complaint are sufficient to show that the plaintiff has a “‘plausible claim for relief.’” *Id.* at 211 (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009)). “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678. In assessing the plausibility of a claim, the court must “‘accept all factual allegations as true, construe the complaint in the light most favorable to the plaintiff, and determine whether, under any reasonable reading of the complaint, the plaintiff

may be entitled to relief.’” *Fowler*, 578 F.3d at 210 (quoting *Phillips v. Cnty. of Allegheny*, 515 F.3d 224, 233 (3d Cir. 2008)).

III. DISCUSSION

With their Motion, Defendants argue that each of Counts I-III should be dismissed. The Court will first assess Defendants’ arguments related to Counts I and III (the “trade secret claims”). Thereafter, it will discuss the portions of Defendants’ Motion that concern Count II (the “contract claim”).

A. Counts I and III: The Trade Secret Claims

With regard to Plaintiffs’ trade secret claims, the legal elements for Count I, brought under the DTSA, and Count III, brought under the DUTSA, are essentially the same. *See I-Mab Biopharma v. Inhibrx, Inc.*, Civil Action No. 22-276-CJB, 2024 WL 5335719, at *2 (D. Del. Nov. 6, 2024); *Battaglia Mgmt., Inc. v. Abramowicz*, C.A. No. 23-615-GBW, 2024 WL 3183063, at *3 (D. Del. June 26, 2024). As a result, the Court will largely assess the two statutes together, primarily referencing the DTSA for convenience.

The DTSA provides that the owner of a trade secret may bring a civil action for its misappropriation. 18 U.S.C. § 1836(b). To plead misappropriation of a trade secret under the DTSA, the plaintiff must allege: “(1) the existence of a trade secret, defined generally as information with independent economic value that the owner has taken reasonable measures to keep secret . . . ; (2) that ‘is related to a product or service used in, or intended for use in, interstate or foreign commerce[;]’ . . . and (3) the misappropriation of that trade secret, defined broadly as the knowing improper acquisition, or use or disclosure of the secret[.]” *Oakwood Lab’ys LLC v. Thanoo*, 999 F.3d 892, 905 (3d Cir. 2021) (citing 18 U.S.C. §§ 1836, 1839)

(internal quotation marks and citations omitted); *see also Mallet & Co. Inc. v. Lacayo*, 16 F.4th 364, 380-81 (3d Cir. 2021).²

Defendants challenge all or portions of Plaintiffs' trade secret claims by making five different arguments: (1) that Yale and Dr. Spiegel published the alleged trade secrets in patent applications in 2019, such that they no longer qualified as trade secrets thereafter; (2) that Plaintiffs fail to plead that the alleged trade secrets derived independent economic value from their secrecy; (3) that Plaintiffs fail to allege reasonable measures were used to keep the information secret; (4) that Defendants did not owe Plaintiffs any duty of secrecy that could give rise to Plaintiffs' claims for misappropriation; and (5) that Biohaven is not an "owner" of the alleged trade secrets, and therefore, Biohaven lacks standing to bring a claim pursuant to the DTSA. (D.I. 193 at 1-3) The Court will address each of these five arguments in turn.

1. Existence of a Trade Secret

First, Defendants argue that Counts I and III must be dismissed to the extent they allege the misappropriation of trade secrets occurring after the October 2019 publication of certain non-provisional patent applications by Yale and Dr. Spiegel. (D.I. 193 at 8-11) Before getting into the substance of Defendants' argument here, it is helpful to better understand the relevant record.

As was noted above, the FAC alleges that on April 9, 2018 (as to application No. 62/655,055) and again on January 3, 2019 (as to application No. 62/788,040), Yale and Dr.

² Similarly, under the DUTSA, the plaintiff must establish: "(1) the existence of a trade secret; (2) the communication of a trade secret by [the] plaintiff to the defendant; (3) which was pursuant to an express or implied understanding that secrecy of the matter would be respected; and (4) the secret information has been improperly used or disclosed by the defendant to harm the plaintiff." *Dow Chem. Can. Inc. v. HRD Corp.*, 909 F. Supp. 2d 340, 346 (D. Del. 2012), *aff'd*, 587 F. App'x 741 (3d Cir. 2014); *see also Ocimum Biosols. (India) Ltd. v. LG Chem. Ltd.*, Civil Action No. 19-2227-MN, 2022 WL 3354708, at *12 (D. Del. July 31, 2022).

Spiegel confidentially submitted to the PTO the provisional applications relating to Dr. Spiegel's discoveries. (*Id.* at ¶ 28) These applications described, "for the first time, bi-functional molecules designed to degrade circulating, extracellular proteins via the ASGPR, and therapeutics based on the MODA technology, including *some* of the MODA Trade Secrets." (*Id.* (emphasis added)) On April 8, 2019, Yale and Dr. Spiegel submitted the non-provisional applications, which claimed priority to both of the provisional applications. (D.I. 164, ex. 4 at 44; *see also* D.I. 194, exs. 1-2)³ Defendants assert (and Plaintiffs do not dispute) that the content of these non-provisional patent applications were set to and did first become public as of October 2019. (D.I. 193 at 5)

In light of this, Defendants are arguing that any secrecy attaching to Plaintiffs' alleged trade secrets was destroyed at the point of the October 2019 publication of the non-provisional applications. (*Id.* at 5, 10) More specifically, since Plaintiffs admitted in the FAC that at least "some" of the MODA Trade Secrets were publicly disclosed in these applications (thus eliminating any trade secret protection that material might have had), Defendants argue that dismissal of Counts I and III is required because the FAC never "articulate[s] *what* alleged trade secrets remained secret following publication of th[ose] applications." (D.I. 193 at 10 (certain emphasis added, certain emphasis omitted)) Since the FAC never explains "*which* alleged trade secrets (if any) were *not* disclosed in the published patent applications[.]" Defendants claim that Plaintiffs are "barred from bringing claims based on acts following the date of publication." (*Id.*

³ A court may properly take judicial notice of patents or patent applications, like the non-provisional applications cited here, even though they are not referenced in the operative FAC. *See Anderson v. Kimberly-Clark Corp.*, 570 F. App'x 927, 932 n.3 (Fed. Cir. 2014); *Inst. for Env't Health, Inc. v. Nat'l Beef Packing Co.*, Civil Action No. 23-826, 2024 WL 5117412, at *8 (D. Del. Dec. 16, 2024).

(certain emphasis in original, certain emphasis added)) Additionally, Defendants note that Avilar had not yet been formed as of October 2019 (the company was formed a few months later, in December 2019)—and argue that therefore, any trade secret claims against Avilar must be dismissed, since the FAC alleges no actionable post-December 2019 misappropriation. (*Id.* at 11)

With Defendants’ arguments now laid out, the Court turns to the relevant law. When it comes to pleading a trade secret misappropriation claim, the plaintiff must 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 who are skilled in the trade, and to permit the defendant to ascertain at least the boundaries within which the trade secret lies.” *Oakwood*, 999 F.3d at 906 (internal quotation marks and citation omitted). As to what material can constitute a trade secret, the law explains that information contained in a patent or published patent application is ordinarily regarded as public, and thus not subject to trade secret protection. *Olaplex, Inc. v. L’Oréal USA, Inc.*, 855 F. App’x 701, 707 (Fed. Cir. 2021); *On-Line Techs., Inc. v. Bodenseewerk Perkin-Elmer, GmbH*, 386 F.3d 1133, 1141 (Fed. Cir. 2004); *see also Mallet & Co. Inc.*, 16 F.4th at 383 (“A formula disclosed in a patent is, by definition, not a secret.”). Both the DTSA and the DUTSA state that a trade secret is matter that derives value from not being generally known to, and not being readily accessible through proper means by, others who might obtain value from their disclosure; thus, if certain material is published in a patent or patent application, the law considers it to be widely disclosed and readily ascertainable by proper means (and so no longer subject to the DTSA’s or DUTSA’s protection). *See Town & Country Linen Corp. v. Ingenious Designs LLC*, 556 F. Supp. 3d 222, 274-75 (S.D.N.Y. 2021) (analyzing the DTSA); *ID Biomedical Corp. v. TM Techs., Inc.*, Civ. A. No. 13269, 1995 WL 130743, at *14

(Del. Ch. Mar. 16, 1995) (analyzing the DUTSA); *see also BondPro Corp. v. Siemens Power Generation, Inc.*, 463 F.3d 702, 706-07 (7th Cir. 2006). That said, it is certainly true that patent holders can maintain trade secrets that go beyond what is disclosed in a particular patent application, or that further refine the disclosed invention in some proprietary way. *Mallet & Co. Inc.*, 16 F.4th at 383; *AutoTrakk, LLC v. Auto. Leasing Specialists, Inc.*, No. 4:16-CV-01981, 2017 WL 2936730, at *5 (M.D. Pa. July 10, 2017).

With the relevant law now also set out, the Court moves to the merits. In responding to Defendants’ arguments for dismissal here, Plaintiffs take two primary tacks.

First, Plaintiffs argue that they have pleaded sufficient facts to make it plausible that even though “some” of the MODA Trade Secrets were made public in the non-provisional applications in October 2019, *other* of those asserted trade secrets remained non-public thereafter and continued to be misappropriated by Defendants. (D.I. 267 at 8-9, 11-12) Here the Court agrees with Defendants that in a case like this one—i.e., (1) where a plaintiff has alleged the existence of certain trade secrets, but (2) where *the plaintiff itself then also alleges* that “some” of those trade secrets were publicly disclosed, and (3) where the plaintiff is contending that *thereafter*, trade secret misappropriation occurred—the relevant pleading needs to provide enough facts so the Court can plausibly see how at least one alleged trade secret that was not a part of the prior public disclosure was misused thereafter. (D.I. 340 at 1); *cf. Mallet & Co. Inc.*, 16 F.4th at 382-83 & n.22 (suggesting that it is “[p]roblematic[]” when a court cannot easily distinguish between what alleged trade secret information was publicly disclosed in a patent and what was not, as this suggests that a plaintiff has not identified the relevant trade secrets with sufficient specificity); *see also Blake v. Pro. Coin Grading Serv.*, 898 F. Supp. 2d 365, 393-94 (D. Mass. 2012) (concluding that a trade secret misappropriation claim was inadequately

pleaded, where the complaint alleged that “the AURA System constitutes a trade secret” but where the record showed that that system was generally available to the public, and where although some aspects of that system may have remained undisclosed, the plaintiff “has not alleged with sufficient particularity which portion of the AURA System remained a trade secret at the time it was disclosed to Numismatic”).

In their answering brief, Plaintiffs assert that they *have* done this in the FAC. In that regard, Plaintiffs identify the “Trade Secrets that are not in the patent applications” as “the target disease matrix, liver toxicity data, degrader structures, [REDACTED] [REDACTED] [REDACTED]” (D.I. 267 at 8 (citing D.I. 164, exs. 7-10); *see also id.* at 12 (citing D.I. 194, exs. 1-2; D.I. 268, exs. 4-5))⁴ So the Court then looked carefully at the FAC to see if it could discern: (1) where in the FAC one of these asserted trade secrets was specifically mentioned; (2) in a manner making clear that the trade secret was allegedly misappropriated sometime after October 2019.

In the Court’s view, the FAC makes out such an allegation as to at least one of these asserted trade secrets—the target disease matrix. In paragraph 69 of the FAC, (D.I. 267 at 8), the pleading states that in June 2020, both Defendants were still misusing “the information in Dr. Spiegel’s spreadsheet of target proteins, which Dr. Siegel had shared with RA Capital on April 29, 2019.” (D.I. 164 at ¶ 69; *see also id.* at ¶ 42) In the Court’s view, the fair inference from this

⁴ Exhibits 4 and 5 of D.I. 268 are said to show the above-referenced liver toxicity data and target disease matrix. (D.I. 267 at 12) This information, in turn, is referenced in and integral to the FAC. (D.I. 164 at ¶¶ 42, 69) And so the Court may consider these extrinsic exhibits in resolving the instant Rule 12(b)(6) motion. *See Buck v. Hampton Twp. Sch. Dist.*, 452 F.3d 256, 260 (3d Cir. 2006).

allegation is that this “spreadsheet of target proteins” (i.e., the target disease matrix), was *not* among the data included in the non-provisional applications that were made public in October 2019—and so that is why Plaintiffs are asserting that Defendants’ use of the material in June 2020 amounted to further trade secret misappropriation. And it seems plausible that that this alleged misuse in fact occurred. If RA Capital and Avilar were then working to develop and build their own extracellular degrader program, then both of those Defendants could have been incentivized to make use of Plaintiffs’ target disease matrix in order to bolster those efforts.

Now, to be sure, Defendants push back on this point. In their briefing, they claim that one of the non-provisional applications actually disclosed some information about lists of targets and diseases—and they suggest that this essentially amounts to the public disclosure of the target disease matrix. (D.I. 340 at 6 (citing D.I. 194, ex. 1 at 296-305)) But are Defendants correct on that point? It is hard for the Court to tell. Perhaps if the Court could easily conclude this was so by simply comparing the non-provisional application (on the one hand) with the particular trade secret at issue (on the other), Defendants might have a case. But the reality here is that each non-provisional application totals hundreds of pages, *see* (D.I. 194, exs. 1-2), and the subject matter at issue is quite complex. Additionally, there are surely differences between the target disease matrix itself and the portions of the non-provisional application that Defendants point the Court to. (*Compare id.*, ex. 1 at 296-305, *with* D.I. 268, ex. 5) The Court is ill-suited to resolve this uncertainty at the pleading stage; therefore, it cannot conclude that it is implausible that this asserted MODA Trade Secret remained hidden from public view after October 2019 (and was misused by Defendants thereafter). *See Cedars Sinai Med. Ctr. v. Quest Diagnostic Inc.*, Case No. CV 17-5169-GW(FFMx), 2018 WL 2558385, at *5 (C.D. Cal. Feb. 12, 2018) (in a tentative ruling on a motion to dismiss, where the plaintiff alleged that the defendant had misappropriated

trade secrets, and where the defendant was asserting that every one of those trade secrets had been publicly disclosed, concluding that the plaintiff’s misappropriation claim was plausible, since the Court was not well positioned to make “highly technical” comparisons between public disclosures and the substance of the alleged trade secrets at issue); *see also* *MACOM Tech. Sols. Inc. v. Litrinium, Inc.*, Case No. SACV 19-220 JVS (JDEx), 2019 WL 4282906, at *6-7 (C.D. Cal. June 3, 2019) (concluding the same, in resolving a motion to dismiss); *T-Mobile USA, Inc. v. Huawei Device USA, Inc.*, 115 F. Supp. 3d 1184, 1191-92 (W.D. Wash. 2015) (same).⁵

Second, Plaintiffs also note that the FAC alleges that Defendants misappropriated all of the MODA Trade Secrets “*before* the patent applications were published”—and so they additionally have plausibly alleged trade secret misappropriation as to RA Capital occurring *prior* to October 2019. (D.I. 267 at 9 (emphasis added)) For example, the FAC states that from June through September 2019, while RA Capital was negotiating with Dr. Spiegel, RA Capital used the asserted trade secrets to help start its own company (DegraderCo). (D.I. 164 at ¶¶ 53, 59, 66); *see also e.g.*, 18 U.S.C. § 1839(5)(B) (prohibiting “use” of a trade secret without express or implied consent). Among these allegations are that RA Capital considered and used a PowerPoint deck containing many of the MODA Trade Secrets when planning for the launch of their new “company focused on extracellular degraders using Yale’s MODA technology.” (D.I. 164 at ¶ 59; *see also id.* at ¶ 41) The “use” of a trade secret “encompasses all the ways one can

⁵ In light of the Court’s conclusion here, Defendants’ assertion that there can be no claim for trade secret misappropriation against Avilar because that entity was formed in December 2019 is not well taken. This is because the alleged misuse of target disease matrix is said to have taken place as late as June 2020. (D.I. 164 at ¶ 69) That said, the Court agrees with Defendants that on this record, any trade secret claims against Avilar shall be limited by the date of Avilar’s creation. *See Washington Tr. Advisors, Inc. v. Arnold*, 678 F. Supp. 3d 192, 200 (D. Mass. 2023); *see also* (D.I. 267 at 19).

take advantage of trade secret information to obtain an economic benefit, competitive advantage, or other commercial value, or to accomplish a similar exploitative purpose, such as assisting or accelerating research or development.” *Oakwood*, 999 F.3d at 910 (internal quotation marks, citation and brackets omitted). And with that broad definition of “use” in mind, these allegations suffice to state a claim for trade secret misappropriation occurring prior to October 2019. *See XpertUniverse, Inc. v. Cisco Sys., Inc.*, Civil Action No. 09-157 (JAP), 2011 WL 1226365, at *3 (D. Del. Mar. 28, 2011) (finding that a trade secret claim may be based on information that was “confidential until published” in a patent application) (internal quotation marks and citation omitted); *see also Hunton Energy Holdings, LLC v. HL Seawater Holdings, LLC*, 539 F. Supp. 3d 685, 693-94 (S.D. Tex. 2021) (same).⁶

For these reasons, Plaintiffs have successfully alleged that certain alleged trade secrets were misappropriated by RA Capital prior to October 2019, and by both Defendants after that date. Thus, Defendants’ first argument for dismissal is unsuccessful.

2. Independent Economic Value Derived from Secrecy

As was previously noted above, the DTSA and DUTSA state that one characteristic of a trade secret is that it “derives independent economic value . . . from not being generally known to, and not being readily ascertainable through proper means by” others who can “obtain

⁶ In their reply brief, for the first time, Defendants suggest that because a paragraph in the CDA states that Yale acknowledged that RA Capital invests in certain companies that might compete with Yale, somehow Plaintiffs therefore “waived” any claims that RA Capital’s investment in Avilar could relate to or amount to trade secret misappropriation. (D.I. 340 at 4 (citing D.I. 164, ex. 1 at § 8)) Whatever the merit of this argument (and the Court is not sure that there is much merit to it), it was raised it for the first time in Defendants’ reply brief, and so Plaintiffs had no chance to respond to it. As a result, Defendants cannot expect this argument to win the day here. *See, e.g., Gordian Med., Inc. v. Vaughn*, Civil Action No. 22-319-MN-SRF, 2022 WL 16646626, at *4 (D. Del. Nov. 3, 2022) (citing *Cohen v. Cohen*, C.A. No. 19-1219-MN, 2022 WL 952842, at *4 (D. Del. Mar. 30, 2022)).

economic value from the disclosure or use of the information[.]” 18 U.S.C. § 1839(3)(B); *see also* Del. Code, tit. 6, § 2001(4)(a). Defendants’ next argument for dismissal of the trade secret claims is that the FAC fails to sufficiently allege that the asserted trade secrets have independent economic value that is specifically derived *from that information’s secrecy*. (D.I. 193 at 11-14)

There is no specific way that a claimant must plead independent economic value derived from secrecy. But in general, courts have tended to find such allegations sufficient where a pleading: (1) alleges that the plaintiff invested substantial time, money and other resources into the development of the material at issue, which it then kept confidential; and (2) sets out facts indicating that this material’s public disclosure (e.g., via the violation of a non-disclosure agreement) would cause the plaintiff a significant amount of financial harm—because that valuable material would then be disclosed for others to see and use, to the plaintiff’s financial disadvantage. *See, e.g., Zoppas Indus. de Mex., S.A. de C.V. v. Backer EHP Inc.*, Civil Action No. 18-1693-CFC, 2019 WL 6615421, at *3 (D. Del. Dec. 5, 2019) (finding that the plaintiff had plausibly alleged that the trade secrets at issue derived independent economic value from their secrecy, where in a non-disclosure agreement, the plaintiff and a third party had agreed that public disclosure of the trade secrets would cause the plaintiff irreparable harm), *report and recommendation adopted*, 2020 WL 205485 (D. Del. Jan. 14, 2020); *see also Jazz Pharms., Inc. v. Synchrony Grp., LLC*, 343 F. Supp. 3d 434, 444 n.42 (E.D. Pa. 2018) (finding sufficient allegations that alleged trade secret information had independent economic value deriving from its secrecy, where the plaintiff pleaded that the material at issue was safeguarded from public disclosure, and that were one to attempt to recreate this information from a “baseline level for a new pharmaceutical company,” this would take “years and many millions of dollars”) (internal quotation marks and citations omitted).

Here, there is no question that Plaintiffs pleaded that Dr. Spiegel and Yale spent significant time, energy and resources in developing value in the MODA Trade Secrets. For example, the FAC explains that “[s]tarting in or before 2015, Dr. Spiegel and his laboratory at Yale worked on developing molecules, and over a period of years, spent hundreds of thousands of dollars and countless hours designing MODA molecule[s], identifying uses for them[] and testing them[,]” (D.I. 164 at ¶ 27), and that RA Capital itself considered investing millions of dollars to acquire rights in that technology, (*id.* at ¶ 57). And it alleges that Plaintiffs otherwise kept this information confidential, sharing it with Defendants only after and pursuant to the execution of the CDA. (*Id.* at ¶¶ 5, 30, 32-40)

Moreover, the allegations also permit the reasonable inference that *because* the asserted trade secrets were proprietary to Plaintiffs (and were not shared with others), this in turn generated economic value for Plaintiffs. For example, the FAC asserts that Defendants’ later use of “MODA Trade Secrets to assist or accelerate research” enabled them to “generate capital and significantly accelerate and shortcut the development cycle[,]” which has resulted in “millions of dollars of cost savings” to them, “enhance[d] the commercial value of Avilar” and in turn “directly caus[ed] harm to Plaintiffs.” (*Id.* at ¶¶ 69, 78, 84, 94, 111). One can fairly infer that if Defendants’ alleged use of the otherwise-secret MODA Trade Secrets saved Defendants’ millions, then it was the secrecy of that information (and the fact that it is was not otherwise available to competitors like Defendants to use) provides economic value to Plaintiffs. This secrecy might, for example, have required other entities to have to contract with Plaintiffs in order to use the material, instead of trying to develop such products from scratch (which in turn would bring Plaintiffs revenue). And these allegations could otherwise demonstrate how secrecy gives Plaintiffs a financial advantages vis-à-vis their competitors—in that while their competitors

have to burn money in order to develop or fine-tune a competing product, Plaintiffs do not need to do so, since they already developed a confidential product in-house.⁷ *See, e.g., El Paso Disposal, LP v. Ecube Labs Co.*, CAUSE NO. EP-24-CV-97-KC, 2025 WL 517656, at *12 (W.D. Tex. Feb. 17, 2025); *UrthTech LLC v. GOJO Indus., Inc.*, 22-cv-6727 (PKC), 2023 WL 4640995, at *11 (S.D.N.Y. July 20, 2023).⁸

For the above reasons, this argument too is not sufficient to permit dismissal of the trade secret claims.

3. Reasonable Measures to Maintain Secrecy

Pursuant to both the DTSA and DUTSA, in order for information to constitute a trade secret, another requirement is that its owner must take “reasonable measures” to keep the information secret. *See* 18 U.S.C. § 1839(3)(A); *see also* Del. Code, tit. 6, § 2001(4)(b); *Progressive Sterilization, LLC v. Turbett Surgical LLC*, Civil Action No. 19-627-CFC, 2020 WL 1849709, at *7 (D. Del. Apr. 13, 2020), *report and recommendation adopted*, 2020 WL 3071951 (D. Del. June 10, 2020). Because the measures taken need only be “reasonable,” the owner need not take every conceivable measure, nor must it maintain absolute secrecy. *See JPMorgan*

⁷ Some significant portion of Defendants’ argument on this point amounts to an assertion that since Plaintiffs intended to make certain of their trade secrets public in 2019 via the publication of the non-provisional applications, then those trade secrets could never have derived any value from their secrecy. (D.I. 193 at 12-13; D.I. 340 at 11) But as the Court previously noted, Plaintiffs have plausibly pleaded that at least certain alleged trade secret material *remained secret* after the publication of these applications. And more broadly, the Court does not see why the fact that Plaintiffs made a choice to later publicly disclose certain of the asserted trade secrets necessarily means that this material could not, prior to that time, have derived value from being kept secret.

⁸ It also seemed telling that the primary decision that Defendants rely on to argue otherwise here, *Synopsys, Inc. v. Risk Based Sec., Inc.*, 70 F. 4th 759, 772 (4th Cir. 2023), reviewed a decision made at the summary judgment stage of the case, not the pleading stage (where we are now). (D.I. 193 at 12-13; *see also* D.I. 267 at 14))

Chase Bank, Nat'l Ass'n v. Argus Info. & Advisory Servs. Inc., No. 1:24-cv-00348-SB, 2025 WL 408252, at *3 (D. Del. Feb. 5, 2025) (assessing the DTSA); *Cal. Safe Soil, LLC v. KDC Agribusiness, LLC*, C.A. No. 2021-0498-MTZ, 2025 WL 98479, at *16 (Del. Ch. Jan. 10, 2025) (assessing the DTSA and the DUTSA). Therefore, a pleading adequately demonstrates that reasonable measures were taken where the allegations permit “an inference that access was limited such that it would be difficult to acquire such trade secrets.” *Houser v. Feldman*, 569 F. Supp. 3d 216, 230 (E.D. Pa. 2021); *see also Revzip, LLC v. McDonnell*, Case No. 3:19-cv-191, 2020 WL 1929523, at *8-9 (W.D. Pa. Apr. 21, 2020) (listing various precautions that could amount to reasonable measures, such as having employees sign confidentiality agreements before obtaining the trade secrets, otherwise restricting access to the trade secrets, utilizing password protection for the trade secrets, and the like).

With these legal standards in mind, the Court concludes that Plaintiffs have met the bar to plead that “reasonable measures” were taken here. As an initial matter, the FAC details how all confidential information that Yale and Dr. Spiegel shared with RA Capital was provided subject to the terms of the CDA, which in turn included a prohibition on use and/or disclosure of the alleged trade secrets for anything other than evaluating a potential contractual relationship between the parties. (D.I. 164 at ¶¶ 33-39; *id.*, ex. 1) Some courts appear to have found that the requisite “reasonable measures” were plausibly alleged even where the only supporting allegations were that employee or third party access to the alleged trade secrets was restricted to those who executed non-disclosure or confidentiality agreements. *See NJ Coed Sports LLC v. ISP Sports, LLC*, Civil Action No. 22-06969, 2023 WL 3993772, at *4 (D.N.J. June 14, 2023); *Sunbelt Rentals, Inc. v. Love*, Civil No. 20-17611 (RMB/AMD), 2021 WL 82370, at *24-25 (D.N.J. Jan. 11, 2021); *Gov't Emps. Ins. Co. v. Nealey*, 262 F. Supp. 3d 153, 171 (E.D. Pa. 2017)

(citing cases); *GWO Litig. Tr. v. Sprint Sols., Inc.*, C.A. No. N17C-06-356 PRW, 2018 WL 5309477, at *10 & n. 105 (Del. Super. Ct. Oct. 25, 2018) (same, applying the DUTSA).⁹

But the Court need not decide whether that type of allegation alone is sufficient to meet Plaintiffs' burden, (*see* D.I. 193 at 14-15), because here more is alleged. The FAC also pleads that the MODA Trade Secrets were not generally known to outside third parties like RA Capital, who "did not know how this technology worked" before it entered into the CDA. (D.I. 164 at ¶ 29) It asserts that when Yale shared the asserted trade secrets with RA Capital pursuant to the CDA, the materials at issue were physically "designated as confidential[.]" (*Id.* at ¶ 33; *id.* at ¶¶ 80, 92, 109; *see, e.g., id.*, ex. 9 (document with the header stating "YALE CONFIDENTIAL"); *id.*, ex. 10 (same)) And the FAC alleges that Dr. Spiegel and Yale provided all of the protected materials at issue to RA Capital by way of a confidential Dropbox.com folder (which, in turn, made use of restrictive "permissions" as to who could gain access to it). (*Id.* at ¶¶ 5, 31, 41-42, 46, 52; *id.*, ex. 7 at 1; *id.*, ex. 8 at 1, 3).¹⁰ These are plausible allegations that Yale made serious

⁹ Of course, a party could have contractually protected certain information via the signing of a confidentiality agreement, but yet have gone on to fail to protect that same information from disclosure vis-à-vis other third parties. *See Mallet & Co. Inc.*, 16 F.4th at 382 n.21; *see also* (D.I. 193 at 14). But there are no allegations in the FAC to suggest that Yale took these contractual precautions with RA Capital, and yet failed to take similar protective measures with any other third parties. It is a fair inference on these facts that if Yale required RA Capital to sign the CDA regarding disclosure and use of the asserted trade secrets, it did or would have done so as to other similar third-party entities.

¹⁰ Other courts have recognized that when a party permits access to asserted trade secrets via a password-protected Dropbox account, that fact (in conjunction with others, such as the use of non-disclosure agreements) can be helpful in sufficiently alleging that "reasonable measures" were taken to keep the material confidential. *See, e.g., Harley Marine NY, Inc. v. Moore*, 716 F. Supp. 3d 21, 29 (N.D.N.Y. 2024); *Corp. Synergies Grp., LLC v. Andrews*, Civil Action No. 18-13381, 2019 WL 3780098, at *4 (D.N.J. Aug. 12, 2019); *TLS Mgmt. & Mktg. Servs. LLC v. Rodriguez-Toledo*, Civil No. 15-2121 (BJM), 2017 WL 1277641, at *3 (D.P.R. Mar. 30, 2017).

efforts to keep the asserted trade secrets concealed from the wider world. Taken together with Plaintiffs’ allegations about the use of the CDA, the allegations as a whole are sufficient to plausibly demonstrate that the required “reasonable measures” were taken. *See Progressive Sterilization, LLC*, 2020 WL 1849709, at *7 (concluding that this element had been plausibly pleaded as to a DTSA claim, where the complaint alleged that the plaintiff sought and obtained confidentiality agreements from outside third parties regarding access to the trade secrets at issue, and that the plaintiff otherwise made third parties aware that the materials should be kept secret); *Teva Pharms. USA, Inc. v. Sandhu*, 291 F. Supp. 3d 659, 666-67, 675 (E.D. Pa. 2018) (denying a motion to dismiss a claim pursuant to the DTSA, and noting that the plaintiff had taken reasonable measures, where the plaintiff required that an employee sign a confidentiality agreement before accessing the information at issue, and where it labeled the information as confidential); *Brightstar Corp. v. PCS Wireless, LLC*, C.A. No. N18C-10-250 PRW CCLD, 2019 WL 3714917, at *7 (Del. Super. Ct. Aug. 7, 2019) (holding, in a case alleging a DUTSA claim, that the complaint’s allegations that the plaintiff maintained the “information as confidential, stored it in a password protected system, and limited its disclosure to those with a need to know who are subject to confidentiality agreements” was sufficient to plead that reasonable measures were taken to protect secrecy).

Defendants make four primary arguments to the contrary. For the reasons set out below, none of them are successful here.

First, Defendants argue that Plaintiffs’ allegations are wanting because the FAC indicates that certain people at Yale (such as students and faculty working in Dr. Spiegel’s laboratory) had free access to the asserted trade secrets in “open setting[.]” and it never suggests that steps were taken to make sure the team members kept the information secret from others. (D.I. 193 at 15-

16) But for one thing, the FAC does not allege that Dr. Spiegel’s laboratory was an “open setting.” And although the FAC does not say, one way or the other, how or whether Dr. Spiegel’s laboratory team members were constrained in their access or use of the MODA Trade Secrets,¹¹ the Court must also be cognizant that Plaintiffs “need allege only that it took reasonable measures to protect the [confidential information], not every measure an opponent can dream up.” *JPMorgan Chase Bank, Nat’l Ass’n*, 2025 WL 408252, at *3. So the FAC’s silence on this “team member” issue is not dispositive. *Cf. Netcracker Tech. Corp. v. Laliberté*, CIVIL ACTION NO. 20-11054-RGS, 2020 WL 6384312, at *4 (D. Mass. Oct. 30, 2020) (“a policy of permitting employees to use personal devices is not necessarily ‘fatal to [the plaintiff’s] trade secret claims.’”) (citation omitted).

Second, Defendants attack Dr. Spiegel for sharing certain information about his work with RA Capital in early 2019, before the parties entered into the CDA. (D.I. 193 at 16-17) Yet the FAC states that Dr. Spiegel shared only “high-level information” and “general business terms” about the MODA technology with RA Capital prior to execution of the CDA—such that Yale “ke[pt] confidential the details of Dr. Spiegel’s MODA Trade Secrets” and RA Capital thus “had no way of knowing how Dr. Spiegel[’s] MODA technology degraded extracellular proteins.” (D.I. 164 at ¶¶ 30-31; *see also* D.I. 267 at 16) The Court must accept these allegations as true. *Umland v. Planco Fin. Servs. Inc.*, 542 F.3d 59, 64 (3d Cir. 2008). It cannot disregard the FAC’s contrary assertions on this point just because Defendants assert that Dr.

¹¹ Plaintiffs claim in their briefing that they have since provided Defendants with discovery that details the internal measures that Yale took to ensure secrecy vis-à-vis Dr. Spiegel’s team members. (D.I. 267 at 18 & n.2) But of course the Court cannot consider such extra-record information in resolving a motion to dismiss. *In re Burlington Coat Factory Sec. Litig.*, 114 F.3d 1410, 1426 (3d Cir. 1997); *see also Intercept Pharms., Inc. v. Fiorucci*, Civil Action No. 1:14-cv-1313-RGA, 2017 WL 253966, at *2 (D. Del. Jan. 20, 2017).

Spiegel's April 2019 disclosure "included numerous pieces of information Plaintiffs now claim as trade secrets[.]" (D.I. 193 at 17). Since the FAC alleges otherwise, and the Court is in no position to contradict those assertions,¹² the Court must leave the matter there.

Third, Defendants argue that certain *oral* trade secret disclosures that Yale made to RA Capital after the CDA was in place further demonstrates the lack of reasonable measures taken.¹³ According to Defendants, this is so because: (1) Paragraph 3 of the CDA states that the disclosure of "Confidential Information shall be in writing" or if it is "orally disclosed [it] shall be reduced to writing by YALE within thirty (30) days of its disclosure"; (2) Yale did not reduce these oral disclosures to writing in the required 30-day timeframe; such that (3) those oral disclosures amount to additional examples of how Plaintiffs did not take reasonable measures to protect their trade secret information. (D.I. 193 at 17-18; *see also* D.I. 164 at § 3)

As an initial matter, it is worth noting that the FAC never alleges that Yale did *not* later reduce these post-CDA oral trade secret disclosures to writing. It is simply silent on the issue. More importantly, in their answering brief, Plaintiffs responded by arguing that the CDA simply does not work the way Defendants say it does on this score. Instead, Plaintiffs note that Paragraph 10 of the CDA, which states that the CDA's protections (including its requirement that Defendants keep confidential Plaintiffs' "Confidential Information") apply to "*all*

¹² Defendants refer in their briefing to the PowerPoint deck that Dr. Siegel presented at this April 2019 meeting, suggesting that just by looking at it, the Court can tell that it includes certain MODA Trade Secrets. (*Id.* (citing D.I. 90-3)) But that is hard for the Court to assess, based on the limited information it has at this stage. *See supra* at 12-13. And even if Defendants were correct, the Court could not conclude that the use of the PowerPoint deck alone is enough to demonstrate that reasonable measures were not taken here.

¹³ The FAC references at least a few instances where, after the signing of the CDA, Dr. Spiegel disclosed trade secret information orally to RA Capital representatives. (D.I. 164 at ¶¶ 42, 51)

communications between the parties” made within the covered time period—including any oral disclosures that may not have later been reduced to writing pursuant to Paragraph 3, or at least any oral disclosures of material that “had already been designated as confidential in writing[.]” (D.I. 267 at 18-19 (quoting D.I. 164, ex. 1 at § 10) (emphasis added)) In the Court’s view, Plaintiffs’ position as to the CDA’s meaning is certainly plausible; a full analysis of this issue may require consideration of additional extrinsic evidence that is not part of the current record. Therefore, Defendants’ position cannot prevail at the pleading stage. *See, e.g., DASCOS, Inc. v. Old World Indus., LLC*, Civil Action No. 22-1424-JLH-CJB, 2024 WL 1990565, at *5 (D. Del. May 6, 2024); *Serv. By Air, Inc. v. Phx. Cartage & Air Freight, LLC*, 78 F. Supp. 3d 852, 862 (N.D. Ill. 2015). Moreover, it is noteworthy that in their reply brief, Defendants never specifically respond to Plaintiffs’ particular counter-argument here. This suggests that even Defendants acknowledge that their position is not sufficient to win the day. (D.I. 340 at 8-10); *cf. Progressive Sterilization, LLC v. Turbett Surgical LLC*, Civ. No. 19-627-CFC, 2020 WL 3071951, at *2 (D. Del. June 10, 2020); *In re Horsehead Holding Corp. Sec. Litig.*, Civil Action No. 16-292-LPS-CJB, 2018 WL 4838234, at *20 (D. Del. Oct. 4, 2018), *report and recommendation adopted*, 2019 WL 1409454 (D. Del. Mar. 28, 2019). The Court agrees that it is not.

Fourth, Defendants argue that because Yale failed to take steps to block the publication of the MODA Trade Secrets (such that those trade secrets were published in the non-provisional applications in October 2019), this shows it did not take reasonable measures to keep their asserted trade secret material secret. (D.I. 193 at 18) As an initial matter, this argument would not appear to apply to any of the asserted trade secrets that were *not* ultimately disclosed in the non-provisional applications. That said, we also know that Plaintiffs also intend to bring claims

regarding asserted trade secrets that *were* published in those applications—i.e., as to misappropriation of such material that occurred *prior* to the October 2019 publication. But even as to such claims, in light of the above-referenced record evidence about Plaintiffs’ efforts to otherwise maintain secrecy—and because in this time period the material in the application in fact remained unpublished—the Court cannot conclude that Plaintiffs’ allegations about “reasonable measures” are insufficient. *See Wilson Aerospace LLC v. Boeing Co.*, CASE NO. 2:23-cv-00847-JHC, 2024 WL 4043469, at *1 (W.D. Wash. Sept. 4, 2024) (declining to dismiss a trade secret misappropriation claim after reconsideration, and concluding that the plaintiff had sufficiently alleged that reasonable measures had been taken as to a claim of misappropriation alleged to have occurred prior to the trade secrets’ publication in a non-provisional application; the Court found that because the material in the non-provisional application was kept confidential *prior* to publication, then in that time period, the plaintiff had plausibly taken reasonable measures to maintain the material’s secrecy) (distinguishing *Foster v. Pitney Bowes Corp.*, 549 F. App’x 982 (Fed. Cir. 2013)).

Accordingly, Defendants’ arguments regarding the insufficiency of pleading as to the “reasonable measures” element do not warrant dismissal of the trade secret claims.

4. Duty to Maintain Secrecy

Certain types of trade secret misappropriation claims pursuant to the DTSA and DUTSA also require, *inter alia*, that at the time of the unlawful disclosure or use, the defendant knew or had reason to know that the trade secrets were acquired under circumstances giving rise to a “duty to maintain the secrecy of the trade secret or limit the use of the trade secret[.]” 18 U.S.C. § 1839(5)(B)(ii); *see also* Del. Code, tit. 6, § 2001(2)(b)(2). Defendants’ next argument for dismissal of Counts I and III is that the claims should be dismissed to the extent that they

“involve information for which Defendants have no duty of secrecy.” (D.I. 193 at 18-19) More specifically, Defendants assert that the “sole source of any alleged duty of confidentiality to Plaintiffs is the CDA” and yet “the CDA does not require that Defendants treat as ‘confidential’ any information received in the non-confidential pre-CDA presentation, in Dr. Spiegel’s unmarked or oral disclosures, or in the published patent applications.” (*Id.*)

However, as the Court previously noted above, Plaintiffs have confirmed that they are not seeking trade secret protection for Dr. Spiegel’s non-confidential April 2019 presentation. Nor are they seeking protection as to any post-October 2019 claim relating to material that was disclosed in their published non-provisional applications. Additionally, for reasons the Court has already set out, *see supra* at 23, it is not unambiguously clear that the CDA fails to protect the confidentiality of asserted trade secret information simply because Dr. Spiegel may have presented certain information orally.

For all of these reasons, then, this asserted basis for dismissal is also unsuccessful.

5. Biohaven’s Standing to Bring Count I Under the DTSA

Next, the Court turns to Defendants’ argument that Biohaven lacks standing to bring Count I under the DTSA.

The DTSA provides that “[a]n *owner* of a trade secret that is misappropriated may bring a civil action” pursuant to that Act. 18 U.S.C. § 1836(a) (emphasis added). Thus, in order to have statutory standing to bring a DTSA claim for trade secret misappropriation, a plaintiff must be an “owner” of the trade secret at the time that suit is filed. *Id.*; *I-Mab Biopharma v. Inhibrx, Inc.*, Civil Action No. 22-276-CJB, 2024 WL 5336413, at *7 & n.15 (D. Del. Aug. 30, 2024).

Who is an “owner” pursuant to this provision of the Act? The DTSA defines an “owner” of a trade secret as “the person or entity in whom or in which rightful legal title or equitable title

to, *or license in*, the trade secret is reposed[.]” 18 U.S.C. § 1839(4) (emphasis added). So, as the DTSA’s text clearly indicates, one is considered to be an “owner” of a trade secret if it has a “*license in[] the trade secret[.]*” *Id.* (emphasis added); *see Lamont v. Krane*, Case No. 5:18-cv-04327-EJD, 2019 WL 2113903, at *3 (N.D. Cal. May 14, 2019) (noting that under the DTSA, a plaintiff can have standing if it is the “licensee of the alleged trade secret”); *see also Phyllis Schlafly Revocable Tr. v. Cori*, Case No. 4:16-cv-01631-JAR, 2022 WL 898760, at *2-3 (E.D. Mo. Mar. 28, 2022) (same); *Genesis I Oil Servs. LLC v. Wismann Grp., LLC*, Case No. 8:20-cv-02114-JLS-ADS, 2021 WL 1110594, at *5 (C.D. Cal. Mar. 23, 2021) (same), *aff’d*, 2024 WL 385655 (9th Cir. Feb. 1, 2024). So far, so good.

But the issue here is that, according to Defendants: (1) the DTSA should be read to only deem an *exclusive* licensee to be an “owner” of a trade secret—not a *non-exclusive* licensee; (2) Biohaven is a *non-exclusive* licensee of the MODA Trade Secrets; and (3) so Biohaven cannot have standing to sue under the statute. (D.I. 193 at 20-22)

What rights in the MODA Trade Secrets do *Plaintiffs* think Biohaven has? In their briefing, Plaintiffs do not seem to be asserting that Biohaven holds legal or equitable title to the asserted trade secrets. (D.I. 267 at 20-21) But Plaintiffs are also coy about whether they think Biohaven has an exclusive or non-exclusive license to the asserted trade secrets, noting that “Biohaven’s rights in the Trade Secrets would at least raise issues of fact that could not be decided on a motion to dismiss.” (*Id.* at 21) And they argue that even if it turns out that Biohaven is only a non-exclusive licensee to the MODA Trade Secrets, the DTSA’s definition of “owner” is broad enough to mean that both exclusive and non-exclusive licensees have standing to bring a trade secret misappropriation claim. (*Id.*)

As for the record, which is really what counts here, the FAC pleads simply that Biohaven “*licensed* Yale’s MODA platform, obtaining all substantial rights in Yale’s patents directed to the MODA platform” and that Biohaven “lawfully possesses the MODA Trade Secrets by virtue of its [January 4, 2021] *license* agreement with Yale[.]” (D.I. 164 at ¶ 86; *see also id.* at ¶¶ 14, 89) That January 4, 2021 license agreement is also in the record. Defendants argue that pursuant to its terms, while Biohaven was granted an exclusive license to Yale’s MODA-related *patents*, when it comes to *other* licensed materials (such as the actual trade secrets at issue here), the license states that Biohaven was granted only a “non-exclusive license[.]” (D.I. 164, ex. 4 at § 3.1(a)-(c); *see also* D.I. 193 at 21-22; D.I. 267 at 21)

The Court declines to recommend grant of the Motion on this ground. The FAC, as noted above, alleges that Biohaven had a “license” to the MODA Trade Secrets. And even assuming *arguendo* that this amounted to a non-exclusive license (as opposed to an exclusive license), in the Court’s view, that would be sufficient to plead ownership pursuant to the DTSA. The Court so concludes for three primary reasons.

First and most importantly, the wording of the DTSA supports the Court’s decision. The DTSA clearly states that an entity that has a “license in” a trade secret is an owner of a trade secret. 18 U.S.C. § 1839(4). There can be no question that at the time the DTSA was enacted in 2016, a non-exclusive license was a type of legally-recognized “license” to a form of intellectual property (i.e., one that grants the party a right to use the property, but permits the owner to further license those rights). *See, e.g., Mediatek, Inc. v. Sanyo Elec. Co.*, No. 6:05 CV 323, 2007 WL 5186792, at *6 (E.D. Tex. Apr. 16, 2007). And the statute’s definition of ownership is broad in this respect—it states that the holder of a “license” is an owner, not (more narrowly) that only

the holder of an “exclusive license” is an owner.¹⁴ When the plain meaning of the words used in a federal statute is clear, then a federal court must recognize and give effect to that plain meaning. *See Bostock v. Clayton Cnty., Ga.*, 590 U.S. 644, 674-75 (2020) (“This Court has explained many times over many years that, when the meaning of the statute’s terms is plain, our job is at an end.”) (citing cases). Here, Congress said “license”—and a non-exclusive license is a viable, lawful type of “license” to a trade secret.

Second, the Court disagrees with the analogy that Defendants try to draw here to the patent law context. On that score, Defendants note that in the patent space, a non-exclusive licensee lacks constitutional standing to sue because it has no right to limit a third party’s use of the relevant intellectual property. (D.I. 193 at 21) But trade secret law and patent law, while similar in some respects, also have their differences. Whereas patent infringement is an intrusion on the property of another (and so, a non-exclusive licensee, who lacks authority to exclude others from that property, does not have standing to sue for infringement), misappropriation of a trade secret can be reasonably understood not just an intrusion on property, but also a breach of confidence. *See Metso Mins. Indus. v. FLSmidth-Excel LLC*, 733 F. Supp. 2d 969, 977 (E.D. Wis. 2010). It seems sensible that Congress determined to permit one who is a victim of that

¹⁴ *See, e.g.*, Esha Bandyopadhyay & Alana Mannige, *What to Know About Licensee Standing in Trade Secret Cases*, Law360, June 16, 2020 (“To date, no cases have considered whether a nonexclusive licensee qualifies as a licensee under the [DTSA]. However, given that the statute does not distinguish between exclusive and nonexclusive licensees, in addition to the fact that numerous courts have found nonexclusive licensees to have standing under state statutes, it seems likely that a court would find that nonexclusive licensees have standing under the DTSA.”); John Caracappa, *Breaking Down the New Defend Trade Secrets Act*, Steptoe, May 11, 2016, <https://www.steptoel.com/en/news-publications/breaking-down-the-new-defend-trade-secrets-act.html> (“Unlike in the patent context, in which only exclusive licensees have standing to sue, this language seems to suggest that any non-exclusive licensee may file a federal trade secret suit . . .”).

type of breach of confidence and who is fully capable of litigating a trade secret violation—such as a non-exclusive licensee—to be permitted the legal right to do so. *Cf. id.*; *but see RoadRunner Recycling, Inc. v. Recycle Track Sys., Inc.*, No. C 23-04804 WHA, 2024 WL 4876947, at *7 (N.D. Cal. Nov. 23, 2024) (stating, without further explanation, that a “non-exclusive limited licensee is not ‘the person or entity’ who owns the trade secret”) (citing 18 U.S.C. § 1839(4)).

Third, the United States Court of Appeals for the Third Circuit’s decision in *Advanced Fluid Sys., Inc. v. Huber*, 958 F.3d 168 (3d Cir. 2020) suggests at least some support for the Court’s conclusion here. In *Huber*, the Third Circuit assessed whether, pursuant to the Pennsylvania Uniform Trade Secrets Act (“PUTSA”), a lawful possessor of a trade secret (i.e., someone who did not have legal title to the property) had standing to bring a claim under the Act. 958 F.3d at 177. The *Huber* Court concluded that a “*per se* ownership requirement for [PUTSA] misappropriation claims is flawed since it [does not take account] of the substantial interest that lawful possessors of the secrets have in the value of their secrecy”; the Court thus concluded that a lawful possessor had standing to bring a PUTSA claim. *Id.* at 177-78. Now, to be sure, the PUTSA differs from the DTSA because the former does not limit standing to those who meet the statutory definition of an “owner,” while the latter does. *See id.* at 177-78 & n.6. But *Huber* at least suggests that the Third Circuit has taken an expansive view as to the types of people who would have a sufficient interest in a trade secret so as to permit them to bring a misappropriation suit. That, in turn, indicates that the Third Circuit might view the meaning of the term “license” in the DTSA’s definition of “owner” in the (broader) way the Court has here—i.e., to include non-exclusive licensees.

Therefore, the Court recommends that the Motion be denied on this ground as well. And with the Court having concluded the same as to all of Defendants' challenges to Counts I and III, its recommendation is that the Motion be denied entirely as to those Counts.

B. Count II: The Contract Claim

Lastly, the Court turns to Yale's breach of contract claim against RA Capital in Count II. With their Motion, Defendants argue that Count II should be dismissed for similar reasons to those referenced above in Section III.A.4 (i.e., the reasons why RA Capital purportedly did not breach any duty of confidentiality): (1) that Defendants had no contractual obligation to keep secret anything said in Dr. Spiegel's April 2019 presentation; (2) there can be no breach of contract claim for Plaintiffs' oral disclosures that they later failed to reduce to writing; (3) there can be no breach of contract as to information that became publicly known based on the disclosures in the non-provisional patent applications; and (4) no contractual claim can stand as to certain alleged trade secrets that were already previously disclosed in Dr. Spiegel's non-confidential presentation (i.e., prior to the signing of the CDA). (D.I. 193 at 19-20)

However, as the Court has noted above, Plaintiffs are not attempting to make out a claim (for breach of contract or otherwise) as to the first or third bases raised here by Defendants. (D.I. 267 at 19-20) With regard to the second basis, Plaintiffs note that they are not alleging that "oral disclosures fall within the breach of contract claim." (*Id.* at 19) And as to the fourth basis, the Court has previously explained that the FAC and other material of record do not clearly indicate that certain MODA Trade Secret information was actually included in Dr. Spiegel's pre-CDA sales pitch.

Therefore, the Court recommends Defendants' Motion be denied as to Count II.

IV. CONCLUSION

For the reasons set forth above, the Court recommends Defendants' Motion to Dismiss be DENIED in its entirety.

This Report and Recommendation is filed pursuant to 28 U.S.C. § 636(b)(1)(B), Fed. R. Civ. P. 72(b)(1), and D. Del. LR 72.1. The parties may serve and file specific written objections within fourteen (14) days after being served with a copy of this Report and Recommendation. Fed. R. Civ. P. 72(b)(2). The failure of a party to object to legal conclusions may result in the loss of the right to *de novo* review in the district court. *See Sincavage v. Barnhart*, 171 F. App'x 924, 925 n.1 (3d Cir. 2006); *Henderson v. Carlson*, 812 F.2d 874, 878-79 (3d Cir. 1987).

The parties are directed to the Court's Standing Order for Objections Filed Under Fed. R. Civ. P. 72, dated March 7, 2022, a copy of which is available on the District Court's website, located at <http://www.ded.uscourts.gov>.

Because this Report and Recommendation may contain confidential information, it has been released under seal, pending review by the parties to allow them to submit a single, jointly proposed, redacted version (if necessary) of the Report and Recommendation. Any such redacted version shall be submitted no later than **April 15, 2025** for review by the Court. It should be accompanied by a motion for redaction that shows that the presumption of public access to judicial records has been rebutted with respect to the proposed redacted material, by including a factually-detailed explanation as to how that material is the "kind of information that courts will protect and that disclosure will work a clearly defined and serious injury to the party seeking closure." *In re Avandia Mktg., Sales Pracs. & Prods. Liab. Litig.*, 924 F.3d 662, 672 (3d Cir. 2019) (internal quotation marks and citation omitted). The Court will subsequently issue a publicly-available version of its Report and Recommendation.

Dated: April 10, 2025


Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE