

CASE REPORT:
FORD MOTOR CO. V. LANE
by Franklin Goldberg

I. Facts

Robert Lane operated a website with the domain name "blueovalnew.com," formerly "fordworldnews.com." With prior approval from Ford Motor Company, Lane accessed and utilized information from Ford's press release website. Upon learning that this site incorporated the Ford trademark, however, Ford blocked Lane's access to the press releases. Lane responded to this action by threatening to publish "sensitive" photographs and materials that Ford would find "disturbing," while additionally threatening to solicit the disclosure of confidential information from Ford employees.¹ After meeting with Ford, however, Lane agreed to obtain Ford's approval before using any further Ford documents on his website. Nonetheless, within a few months he posted classified information relating to engine design and fuel economy strategies, along with a Ford engineering blueprint. When Ford threatened legal action, Lane released approximately forty more documents "including materials with high competitive sensitivity" onto his website.² Throughout these exchanges, Lane was aware that the documents were confidential, that Ford employees were bound by a confidentiality agreement, and that in providing him with these documents the employees were violating their agreements with Ford.³

II. Procedural History

In response to Lane's actions, Ford filed a Complaint and a Motion for a Temporary Restraining Order ("TRO"), alleging copyright infringement, statutory conversion, intentional interference with contractual relations, misappropriation of trade secrets, misappropriation,

¹ See *Ford Motor Company v. Lane*, 67 F.Supp.2d 745, 747 (1999).

² *Id.*

³ *Id.* at 748.

trademark infringement, and unfair competition. Ford additionally alleged that Lane misappropriated trade secrets by soliciting and receiving information from Ford employees that he knew or had reason to know were confidential.⁴

The Court granted the TRO, enjoining Lane from "destroying, despoiling or electronically deleting or erasing" the information obtained from Ford, ordering him to provide the Court with all such documents within his possession (along with their source and details pertaining to their acquisition), and restraining him from "(1) using, copying or disclosing any internal document of Ford Motor Company..., (2) committing any acts of infringement of Ford Motor Company's copyrights..., [and] (3) interfering with Ford's contractual relationship with its employees by soliciting Ford employees to provide Ford trade secrets or other confidential information."⁵ Lane acquiesced to the stipulations in the TRO, with the exception of the provision restricting his use, copying, and disclosing of Ford's internal documents (to which he filed a motion to show cause).

III. Legal Standard⁶

The Sixth Circuit applies a four-pronged test to decide whether a party may successfully obtain a TRO or preliminary injunction: first, the movant need show a strong likelihood of success on the merits; second, the movant needs to establish irreversible injury; third, the issuance of such an injunction may not cause substantial harm to others; finally, the issuance of the injunction must serve the public interest.⁷

⁴ *Id.*

⁵ *Id.* at 748-49.

⁶ This case forced the District Court to attempt to reconcile the tensions between the First Amendment, implicated by an injunction that would restrict Lane's free speech, and trade secret principles, established to protect the exchange of intellectual property.

⁷ *See Ford* at 749, citing *Rock and Roll Hall of Fame v. Gentile Productions*, 134 F.3d 749, 753 (6th Cir. 1998).

When seeking a prior restraint of a party's "pure speech"⁸, however, the movant must meet a higher threshold. The Supreme Court has held that "prior restraints may be issued only in rare and extraordinary circumstances, such as when necessary to prevent the publication of troop movements during time of war, to prevent the publication of obscene material, and to prevent the overthrow of the government."⁹ The Sixth Circuit reinforced this notion, holding that such speech may only be restrained if "publication... threaten[s] an interest more fundamental than the First Amendment itself."¹⁰ Indeed, "[t]he private litigants' interests in protecting their vanity or their commercial self-interest simply does not qualify as grounds for imposing a prior restraint."¹¹

In direct contrast, the Michigan Uniform Trade Secrets Act (the "Act") provides that a court may enjoin the actual or threatened misappropriation¹² of trade secrets¹³. In doing so, it attempts to limit, rather than protect the dissemination of speech. For example, under the Act, the "[u]se of trade secrets in violation of a confidentiality agreement or in breach of a fiduciary

⁸ "Pure speech differs from "commercial speech" in that the latter is speech that does "no more than propose a commercial transaction." *Ford* at 750, citing *Bolger v. Youngs Drug Production Corp.*, 463 U.S. 60 (1983). A more thorough discussion of this distinction follows, as well as the precedent equating website content with speech.

⁹ *Ford* at 751, citing *Near v. Minnesota*, 283 U.S. 697, 716 (1931).

¹⁰ *Ford* at 752, citing *Proctor and Gamble Co. v. Bankers Trust Co.*, 78 F.3d 219, 225 (6th Cir. 1996).

¹¹ *Id.*

¹² The Act defines "misappropriation" as either the "[a]cquisition of a trade secret of another by a person who know or has reason to know that the trade secret was acquired by improper means," or the "[d]isclosure or use of a trade secret of another without the express or implied consent by a person who did one or more of the following: (A) Used improper means to acquire knowledge of the trade secret. (B) At the time of the disclosure or use, knew or had reason to know that his or her knowledge of the trade secret was derived from or through a person who had utilized improper means to acquire it, acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use, or derived from or through a person who owed a duty to the person to maintain its secrecy or limits its use. (C) Before a material change of his or her position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake." *Mich. Comp. Laws Ann. § 445.1902(b)*.

¹³ The Act defines "trade secret" as "information, including a formula, pattern, compilation, program, device method, technique, or process, that is both of the following: (i) Derives 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. (ii) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." *Mich. Comp. Laws Ann. § 445.1903*.

duty is *not* protected by the First Amendment."¹⁴ This Act, and similar trade secret statutes, finds justification in its intent to "encourage both business ethics and innovation," while "punish[ing] industrial espionage and deny[ing] competitors an advantage they have obtained by unfair means."¹⁵

IV. District Court's Decision

In its decision, the United States District Court ruled on the side of the First Amendment, finding that Ford did not meet the strict requirements necessary for it to allow the prior restraint of Lane's speech (i.e., the content of his website). Although it held that "the Act's authorization of an injunction violated the prior restraint doctrine and the First Amendment as applied under these circumstances," the Court did recognize that "Ford has presented evidence to establish that Lane is likely to have violated the Michigan Uniform Trade Secrets Act."¹⁶ Nonetheless, in dissolving the TRO, the Court cited significant Supreme Court and Circuit Court precedent and refused to expand the law to allow Ford a remedy through trade secret doctrine.¹⁷

In dictum, however, the Court hinted that the criminal justice system might provide Ford with recourse, assuming Ford could overcome evidentiary obstacles. The Court was cognizant of Lane's attempt to "extort concessions or privileges from Ford, by threatening to sell blueprints or other confidential documents,"¹⁸ as well as Lane's subsequent threats to solicit trade secrets from Ford employees. It specifically noted that although Lane's early disclosures of Ford's

¹⁴ *Ford* at 750, note 6, citing *Cherne Industrial, Inc. v. Grounds & Assoc., Inc.*, 278 N.W.2d 81, 94 (Minn. 1979). (emphasis added)

¹⁵ *Id.*, citing *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 481-82 (1974).

¹⁶ *See id.* at 748.

¹⁷ The Court cited *Near v. Minnesota*, 283 U.S. 844 (1931) (holding that freedom of the press prevents prior restraints on publication); *In the matter of Providence Journal Co.*, 820 F.2d 1342 (1st Cir.1986) (holding that "even a temporary restraint on pure speech is improper absent the 'most compelling circumstances' "); *Proctor & Gamble Co. v. Bankers Trust Co.*, 78 F.3d 219 (6th Cir.1996) (holding that Business Week's planned publications of trade secrets "did not constitute a grave threat to a critical government interest or to a constitutional right sufficient to justify a prior restraint."); and *Reno v. American Civil Liberties Union*, 521 U.S. 844 (1997) (holding that the First Amendment protects speech on the Internet). *See Ford* at 751-52.

¹⁸ *Id.* at 753.

engine designs and emission standards may have addressed public concerns, because the more recent postings to his website appeared aimed at Ford's competitors, "the legal system may yet provide redress through criminal prosecution."¹⁹

¹⁹ *Id.* This discussion then begs the question of whether a court should relegate such actions to the criminal arena, or, in the alternative, strengthen existing trade secret law.