

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

SDSE NETWORKS, INC.,
Plaintiff,

v.

SAROOP MATHUR,
Defendant.

Civil Action No. 1:22-cv-01024

ORDER

This matter comes before the Court on Plaintiff SDSE Networks, Inc.’s Emergency Motion for a Temporary Restraining Order and a Preliminary Injunction (Dkt. No. 4), Plaintiff’s Motion for Expedited Discovery (Dkt. No. 7), and Defendant’s Motion to Dismiss for Lack of Personal Jurisdiction, or in the Alternative Motion to Transfer Venue (Dkt. No. 14). On September 9, 2022, plaintiff filed a complaint seeking injunctive and other relief for defendant’s alleged (1) misappropriation of trade secrets, (2) breach of contract (Standard Proprietary Information and Inventions Agreement (the “SPII Agreement”)), and (3) breach of contract (Mutual Confidentiality Agreement). On September 11, 2022, defendant filed opposition briefs to plaintiff’s emergency motion and motion for expedited discovery along with a motion to dismiss. The Court held a telephonic hearing on Monday, September 12, 2022, and continued the matter until Thursday, September 15, 2022.

Upon consideration of the motions, the memoranda in support thereof, oppositions, and reply briefs filed thereto, and having heard the arguments of counsel, the Court makes the following **FINDINGS OF FACT AND CONCLUSIONS OF LAW**:

For the reasons stated in open court, the defendant’s motion to dismiss (Dkt. No. 14) is **DENIED**. The Court finds that the forum selection clauses found in the SPII Agreement (Dkt. No.

1-4) and the Offer Letter (Dkt. No. 1-3) are valid and enforceable. Accordingly, this Court has personal jurisdiction over defendant. The Court further finds that venue is proper in this Court and that transfer of the case to the Northern District of California is unwarranted.

In the emergency motion for a temporary restraining order (“TRO”), plaintiff seeks a TRO based on its claims that defendant misappropriated trade secrets and breached both the SPII Agreement and the Confidentiality Agreement (Dkt. No. 1-5). To obtain a TRO, a plaintiff must show (1) a likelihood of success on the merits of its claims; (2) a likelihood of irreparable harm in the absence of the requested preliminary relief; (3) that the balance of equities favors the plaintiff; and (4) that an injunction is in the public interest. *See Real Truth About Obama, Inc. v. FEC*, 575 F.3d 342, 346–47 (4th Cir. 2009) (setting forth standard for obtaining a preliminary injunction); *Variable Annuity Life Ins. Co. v. Coreth*, 535 F. Supp. 3d 488, 501 (E.D. Va. 2021) (the standard for a preliminary injunction and TRO are the same). Based upon the allegations and evidence in the complaint, emergency motion pleadings, and briefs in support of the emergency motion, and for the reasons stated in open court, there is good cause to conclude that defendant has engaged in, and is likely to continue to engage in, acts or practices that misappropriate trade secrets and constitute a breach of contract. *See* Pl. TRO Mem. (Dkt. No. 5) at 8–14; Pl. TRO Reply (Dkt. No. 29) at 2–3. For example, plaintiff alleges that defendant deleted potential trade secrets from one of the devices specified in the complaint and then attempted to conceal it by deleting records of the inputted executable commands. Pl. TRO Reply at 4. These actions provide a basis for both a breach of contract and a misappropriation claim. Accordingly, plaintiff is likely to succeed on the merits of its claims.

The Court further finds there is good cause to conclude plaintiff will suffer irreparable harm in the absence of the requested TRO. The potential “disclosure of trade secrets establishes immediate irreparable harm because a trade secret, once lost is, of course lost forever.” *Home*

Funding Grp., LLC v. Myers, No. 06-cv-1400 (JCC), 2006 WL 6847953, at *2 (E.D. Va. Dec. 14, 2006) (internal quotations omitted). Plaintiff has alleged sufficient facts to demonstrate the threat of defendant and a competitor company gaining control of its trade secrets. Such misappropriation would potentially cause plaintiff irreparable harm without a TRO. *See* Pl. TRO Mem. at 15. Plaintiff specifically alleges that defendant was dishonest in handling trade secrets and also concealed his employment with plaintiff's competitor. *See* Pl. TRO Reply at 7. These allegations are sufficient to show the risk of irreparable harm if defendant is not enjoined from sharing the trade secrets with his current employer or others.

Plaintiff stands to suffer serious harm because once the trade secrets are misappropriated, it may be difficult to remedy this misappropriation at final judgment. *See id.* at 16. If relief is granted, defendant will continue his employment and will only stand to lose benefits unjustly gained. Defendant will not be harmed by any prohibition not to disclose confidential and proprietary information. Essentially, injunctive relief will only prohibit defendant from violating his contractual obligations under the agreements. Therefore, this Court does not find any likelihood of harm to defendant if relief is granted.

Finally, injunctive relief does not prohibit defendant from continuing his employment with Eclipz at this time, but only restrains him from violating his contractual obligations. Public interest favors protecting confidential business information and enforcing valid contracts. *See Cap. One Fin. Corp. v. Sykes*, No. 20-cv-763, 2021 WL 2903241, at *15 (E.D. Va. July 9, 2021). "The public has an interest in allowing companies like [plaintiff] to protect confidential information, to obtain temporary injunctive relief to enjoin any further breach or disclosure, and ultimately to avoid irreparable harm and the destruction of incentives to develop proprietary information." *Cap. One Fin. Corp.*, 2021 WL 2903241, at *15. For these reasons, the public interest is not violated by injunctive relief, but instead is served. *See* Pl. TRO Mem. at 17.

The scope of the injunctive relief sought is narrowly tailored and proper. The Court finds that “the requested preliminary injunction does not overly burden Defendant[] or provide more relief than necessary” to plaintiff. *Cap. One Fin. Corp.*, 2021 WL 2903241, at *16. Plaintiff’s requested injunctive relief at the hearing seeks only to prevent defendant from use or misappropriation of plaintiff’s proprietary information, as is required under the agreements. The Court therefore finds that the scope of the injunctive relief sought is appropriate.

Accordingly, this Court finds that the requirements of applicable rules and law are satisfied, and that the requested TRO is reasonable and necessary to protect plaintiff’s interests and those of the public. Therefore, it is hereby ordered that

Plaintiff’s Emergency Motion is **GRANTED IN PART** and **DENIED IN PART**. The motion is **GRANTED** in so far as Defendant Saroop Mathur shall refrain from accessing, using, disclosing, modifying or deleting SDSE’s SCOUT source code, and any other SDSE confidential, proprietary, and trade-secret information in defendant’s possession, custody, or control effective as of 7:00 p.m. on September 15, 2022 and expiring fourteen (14) days after the issuance date at 11:59 p.m. It is **DENIED** as moot with respect to plaintiff’s original requests to compel defendant to return SDSE’s computer equipment and restore SDSE’s access to that computer equipment; it is further

ORDERED that plaintiff promptly place in an escrow account maintained at a bank, upon such conditions to be agreed upon by the parties or determined by the Court in the event the parties cannot agree, a bond in the amount of \$2,500 USD.

For the reasons stated in open court, plaintiff’s motion for expedited discovery (Dkt. No. 7) is **GRANTED**. Accordingly, it is hereby **ORDERED** that the parties shall submit a joint motion by Monday, September 19, 2022, at 12:00 p.m. which shall include a proposed schedule for narrowly tailored expedited discovery by both parties, and briefing schedule and proposed hearing

date for plaintiff's motion for preliminary injunction; it is further

ORDERED that Defendant's Motion to Appear Pro Hac Vice by Edward Williams (Dkt. No. 13) is **GRANTED**.

It is **SO ORDERED**.

/s/

Hon. Michael S. Nachmanoff
United States District Judge

Alexandria, Virginia
September 15, 2022