



Eighth Circuit Affirms Denial of Preliminary Injunction in Trade Secret Case, Finding No Likelihood of Irreparable Harm

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by [Sanjiv Sarwate, Trademark Attorney](#)

On May 29, 2009, the Eight Circuit upheld the trial court's refusal to enter a preliminary injunction in *CDI Energy Services, Inc. v. West River Pumps, Inc.*, 567 F.3d 398. CDI sells services and equipment for use in the oil field industry. West River Pumps was established by three former CDI employees, who had been recruited by CDI to operate a CDI field office in Dickinson, North Dakota. While still employed by CDI, the three employees founded West River and began to solicit CDI's clients in the area. Subsequently, the employees resigned from CDI, and CDI filed suit, alleging that West River's founders misappropriated CDI's confidential customer data and breached their duty of loyalty to CDI by soliciting business for West River while still employed by CDI.

CDI moved for a preliminary injunction, claiming that this was necessary to prevent irreparable harm to CDI. The district court found that the customer data that West River's founders related to a small number of local oilfield operators was unlikely to qualify as a trade secret, as it was readily available to anyone in the relevant business, and CDI made little effort to keep the customer data secret. With respect to the breach of loyalty claim, the district court found that North Dakota law clearly prohibited employees from soliciting their employer's customers while still working for the employer. However, the district court went on to find that any harm caused by the breach of loyalty could be cured by an award of damages, since the damage had already occurred. The district court further found that the balance of harms favoring West River, which would be put out of business entirely by an injunction, and that the public interest did not favor depriving West River's customers of access to West River's services until CDI or another competitor established an office in the Dickinson area.

The Court of Appeals affirmed, finding that the district court exercised "considerable discretion" in analyzing the preliminary injunction factors.

[CDI Energy Services Inc. v. West River Pumps Inc., No. 08-1030, 91 USPQ2d 1045 \(8th Cir. 2009\).](#)



Sanjiv Sarwate is a partner with [Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP](#), a full-service trademark law firm based in Chicago, Illinois. Pattishall has been recognized for many years as [a preeminent trial and appellate firm](#) in trademark and copyright law. Pattishall counsels clients in a broad range of intellectual property fields, providing strategic planning for brand protection, counseling on internet business development, due diligence research into the sale or acquisition of trademarks, copyrights, design patents and trade secrets, and design and implementation of international trademark acquisition and brand development strategies. Mr. Sarwate's practice focuses on domestic and international [trademark](#), [trade dress](#) and [copyright](#) law.