

Coldwell Banker Wins Trade Secrets Fight On Directed Verdict

By **Ivan Moreno**

Law360 (February 22, 2024, 8:43 PM EST) -- A California state judge issued a directed verdict for Coldwell Banker's Orange County division in a case where a rival real estate company accused it of poaching employees and stealing trade secrets.

The verdict, which came at the close of evidence after a six-week jury trial Feb. 15, was announced Wednesday by Faegre Drinker Biddle & Reath LLP, which represented Coldwell Banker.

First Team Real Estate sued Coldwell Banker in December 2017, accusing former First Team employees of misappropriating trade secrets and confidential information to recruit clients, agents and other workers when they joined Coldwell Banker.

First Team alleged in its lawsuit that it was all part of a plan by Coldwell Banker's management called "Project Normandy" to poach talent from other brokerages. The complaint named Coldwell Banker in Southern California, three former employees and "Does 1 through 100."

"The pattern was cookie cutter. A manager would leave a competing brokerage, simultaneously orchestrating a massive walkover of real estate agents and staff," First Team said in its operative complaint.

The complaint alleged that managers who left First Team for Coldwell Banker would download information onto thumb drives before departing.

After six weeks of hearing evidence, though, Superior Court Judge Sheila Recio was not persuaded by First Team's case.

"There are multiple problems here," Judge Recio said, according to a transcript of the proceedings, conceding that directed verdicts are "granted in very limited circumstances."

"I don't think there is substantial evidence supporting the claims," Judge Recio continued. "And a large part of it has to do with damages and causation. And I understand the arguments with regards to reasonable inferences on behalf of the plaintiff."

She added, however, that "on some of it, it seems to be quite a large leap."

First Team brought claims that included trade secret misappropriation, breach of contract, tortious

interference, unfair business practices and aiding and abetting breach of duty of loyalty.

"We are very pleased with the result. It was a total team effort," counsel for Coldwell Banker, David Gross of Faegre Drinker Biddle & Reath LLP, said in a statement Thursday to Law360.

Counsel for First Team did not immediately respond to a request for comment.

First Team was represented by Daniel Fears, Benjamin Nix, Erika Rasch and Damon Rubin of Payne & Fears LLP.

Coldwell Banker was represented by David Gross, Kevin Wagner, Lauren Linderman, Kirsten Elfstrand and David Belcher of Faegre Drinker Biddle & Reath LLP and Candice Nam of Gordon Rees Scully Mansukhani LLP.

The individual defendants were represented by Martin Deniston and Jonathan Balfus of Wilson Elser Moskowitz Edelman & Dicker LLP.

The case is First Team Real Estate, Orange County, v. Lewandowski et al., case number 30-2017-00959242, in the Superior Court of California, County of Orange.

--Editing by Patrick Reagan.