TO: Professor Sheff

FROM: Matthew Keller

DATE: September 7, 2025

RE: Analysis of Slugworth and Child's Liability for Misappropriation of Trade Secrets under Federal Law

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Introduction

This memo analyzes whether Wonka can obtain relief under federal trade secret law against Slugworth and a child who provided an Everlasting Gobstopper to Slugworth despite having agreed not to share the Gobstopper. The analysis applies the federal trade secret framework under 18 U.S.C. § 1839 to determine (1) whether the gobstopper constitutes a protectable trade secret, and (2) whether defendants' conduct constitutes misappropriation.

Is There a Trade Secret?

As a threshold issue, we must determine whether there was a trade secret to misappropriate. Federal law defines a trade secret as information that: (1) falls within the enumerated categories; (2) has been subject to "reasonable measures" to ensure secrecy; and (3) derives "independent economic value" from its secrecy. 18 U.S.C. § 1839(3). While the manufacturing formula and process is ultimately what Slugworth is after, the analysis must focus on whether the gobstopper itself qualifies as a trade secret, since this is what the child gave to Slugworth.

The physical gobstopper likely satisfies the subject matter requirement under two theories. First, it likely qualifies as a "prototype" explicitly enumerated in the federal statute. Wonka's statement that he'll need "a few more tests" to determine whether or not they are truly "everlasting," clearly indicates ongoing development rather than a finished product. Second, drawing from *E.I. DuPont deNemours & Co. v. Christopher*, the gobstopper parallels the aerial photographs of DuPont's under-construction plant. Just as those photographs were protectable because they revealed secret processes, the physical gobstopper embodies and reveals the secret formula.

As for "reasonable secrecy measures," Wonka implemented extensive secrecy measures that likely satisfy the legal requirements. The factory was sealed for years, the Inventing Room was locked with

warnings, and visitors received explicit warnings. Most significantly, Wonka required a solemn oath to "never show them to another living soul."

Wonka's extensive precautions clearly satisfy the reasonable measures standard under 18 U.S.C. § 1839(3)(A).

Finally, the gobstopper clearly derives economic value from secrecy. Slugworth's statement that Wonka's success would "ruin me" demonstrates competitive significance. Slugworth's willingness to pay $10,000 plus housing and lifetime support confirms substantial economic value derived from secrecy. 18 U.S.C. § 1839(3)(B).

Accordingly, the Everlasting Gobstopper likely constitutes a trade secret.

Was There Misappropriation?

Federal law defines "misappropriation" as either: (A) "acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means"; or (B) "disclosure or use of a trade secret of another without express or implied consent" by someone who used improper means to acquire it, knew it was improperly acquired, or acquired it under circumstances giving rise to a duty to maintain secrecy. 18 U.S.C. § 1839(5).

"Improper means" includes "theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means," but excludes "reverse engineering, independent derivation, or any other lawful means of acquisition." 18 U.S.C. § 1839(6).

Slugworth's Liability

Slugworth would likely be liable for trade secret misappropriation under § 1839(5)(A) and § 1839(5)(B). He acquired the gobstopper through bribery and inducement to breach a duty to maintain secrecy, then reverse engineered the formula. In addition, he likely knew or had reason to know that the knowledge of the trade secret was "derived from or through a person who owed a duty . . . to maintain the secrecy of the trade secret" 18 U.S.C. § 1839(5)(B)(ii)(III).

Slugworth's conduct likely constitutes acquisition through "improper means" itself. The $10,000 payment plus housing and lifetime support likely constitutes "bribery." His inducement of children to breach their solemn oath likely constitutes "inducement of a breach of duty to maintain secrecy." 18 U.S.C. § 1839(6)(A).

Slugworth could have lawfully reverse engineered the gobstopper after public release under 18 U.S.C. § 1839(6)(B). The violation stems from pre-market acquisition through improper means, not reverse engineering itself. Timing matters: while reverse engineering released products is lawful, inducing breach to obtain unreleased products likely constitutes improper means.

Slugworth's use without consent likely also violates § 1839(5)(B), as he knew or had reason to know, that children were under duty to preserve secrecy. Therefore, Slugworth is likely liable for trade secret misappropriation.

Child's Liability

While the child likely did not deploy improper means to acquire the Everlasting Gobstopper, they likely violated § 1839(5)(B) via their disclosure to Slugworth. The child arguably acquired the gobstopper under a verbal non-disclosure agreement through the oath to "never show them to another living soul." This would very likely satisfy "under circumstances giving rise to duty to maintain secrecy." 18 U.S.C. § 1839(5)(B)(ii)(II).

The child received the gobstopper for limited personal use with an express oath creating a confidential relationship. The child knew of the duty to maintain secrecy and that Slugworth was a competitor seeking the secret formula.

Conclusion

Wonka likely has strong claims against both defendants. The Everlasting Gobstopper formula and the gobstopper itself likely qualify as trade secrets under 18 U.S.C. § 1839(3). Slugworth likely faces liability under the acquisition via improper means (§ 1839(5)(A)) through bribery and inducement of breach of duty and non-consensual use by knowingly acquiring it from a child with a duty to keep it secret (§ 1839(5)(B)(ii)(III)). The child likely faces liability under the confidential relationship category (18 U.S.C. § 1839(5)(B)(ii)(II)) for disclosure with knowledge of the duty to maintain secrecy.