

An executive signed an employment contract with a steel plant. The contract contained a noncompete clause that prohibited the executive from working for any of the steel plant's competitors for one year after leaving the plant. The contract also contained a nondisclosure clause that prohibited the executive from disclosing the steel plant's trade secrets and other confidential information. On September 1, 2015, the executive left the steel plant. On August 1, 2016, she began working for one of the steel plant's competitors.

On April 1, 2018, the steel plant filed a complaint against the executive in a federal court for breaching the noncompete clause. On November 1, 2018, the steel plant discovered that the executive divulged its trade secrets to its competitor when she began working there. The steel plant immediately filed a motion with the court to amend its complaint to add a claim for infringement of trade secrets against the executive.

The applicable statute of limitations for each claim is two years from the date the violation allegedly occurred. The laws that establish these statutes of limitations do not mention whether relation back is allowed for these claims.

Should the federal court allow the steel plant to amend its complaint to include the trade secrets claim?

- A. No, because the executive did not consent to the amendment.
- B. No, because the statute of limitations for the claim has expired.
- C. Yes, because a federal court should freely allow amendments to pleadings when justice so requires.
- D. Yes, because the amended claim arises from the transaction and occurrence set out in the original pleading.

### Explanation:

An **amended pleading** filed after the statute of limitations has expired is permitted only when the **relation-back doctrine** applies. This doctrine treats the amendment as if it were filed on the same date as the original pleading—ie, the amendment "relates back" to the date of the original pleading. An amendment that asserts a **new claim** relates back when:

- the **statute of limitations** for the new claim **allows** relation back (not seen here) *or*
- the **claim arises** out of the **conduct or occurrence** set forth in the **original pleading**.

Here, the steel plant filed a motion to amend its complaint to add a trade secrets claim *after* the statute of limitations had expired on August 1, 2018. But this claim relates back to the date the steel plant filed its claim for breach of the noncompete clause—*before* the statute of limitations expired. That is because both claims arise from the executive's contract with the steel plant and her employment with the competitor. Therefore, the federal court should allow the steel plant to amend its complaint to include the trade secrets claim **(Choice B)**.

**(Choices A & C)** The executive's (ie, opposing party's) consent is unnecessary because a federal court can permit amendments to pleadings without the defendant's consent and should do so when justice requires. But if consent is not given, any amendment *must* be filed before the statute of limitations expires or relate back to the date of the original pleading (as seen here).

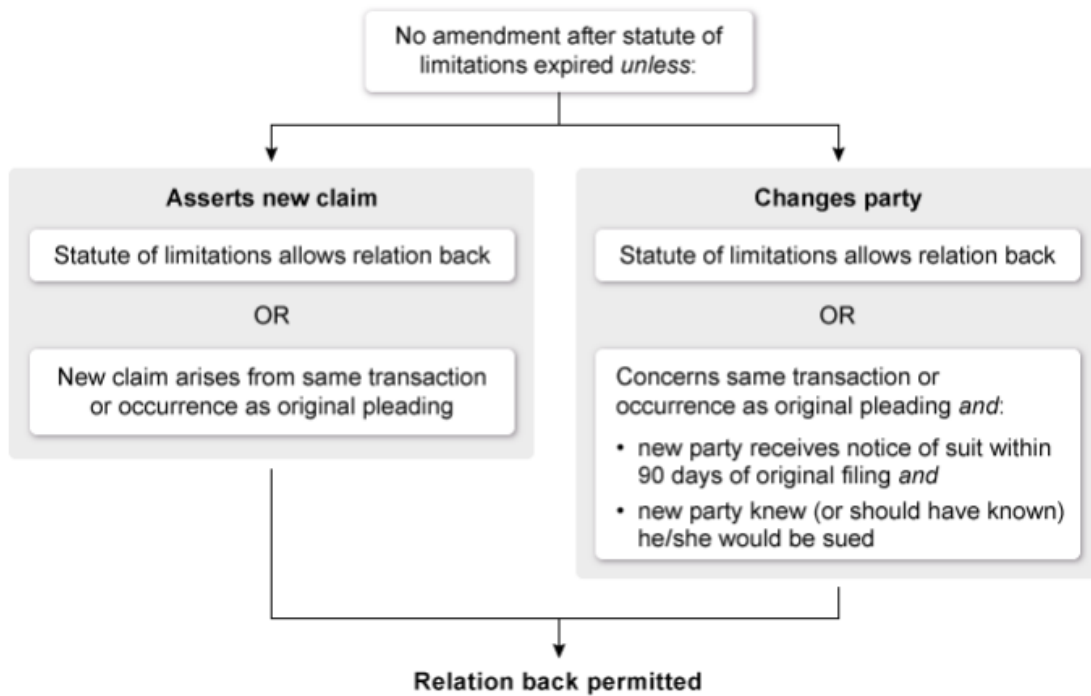
### Educational objective:

The relation-back doctrine allows an amended pleading to assert a new claim after the statute of limitations has expired when (1) the applicable statute of limitations allows relation back or (2) the claim arises out of the same conduct or occurrence as the original pleading.

### References

- Fed. R. Civ. P. 15(c) (relation back of amended pleadings).

## Relation-back doctrine (FRCP 15(c))



FRCP = Federal Rule of Civil Procedure.

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