

UPDATE ON THE STATE FARM v Pyorre-Wier "TRADE SECRET" CASE

Submitted by Rich Pyorre

In the Mendocino action regarding the 'trade secret' issue, State Farm, in an effort to remove the case from a jury trial, told the court 'they were no longer seeking any damages.'

Even though this case has been ongoing for 10 years, just 27 days before trial, State Farm suddenly stated 'they no longer have any damages' so the judge ruled this would be a bench trial. We immediately filed a writ to the appellate court, opposing the judge's decision. The writ has been accepted and a stop-to-the-trial has been ordered. We now await the appellate court decision on our right to a jury trial. *We believe State Farm is afraid to face a jury once again over this issue of trade secrets since the last jury ruled nothing for them and \$13,600,000 for us.*

In the Sonoma action it appears we will be going to jury trial fairly soon over a portion of our defense costs that were paid by State Farm. The judge in that bifurcated bench trial has apparently ruled in State Farm's favor but it has yet to be official. This apparently means the jury will decide what, if anything, we would owe to State Farm for the defense costs paid by them. Once the jury portion of the trial is concluded, it would then (more than likely) be appealed to the appellate court.

For those of you who may not completely understand some of the information above here is a very simplified explanation of what happened.

State Farm terminated me for not attending a mandatory meeting and 19 days later told me they would not be paying me any termination benefits. (I had been an agent for 27 years). I then began selling insurance for other companies and State Farm sued me for, among other things, theft of trade secrets.

Since I was a policyholder of State Farm's at the time, I filed a claim with all of my policies and they were forced to pay my defense (approximately \$2,000,000 for us as well as \$4,000,000 for their share). State Farm *pretended* to pay the coverage under "advertising liability" and then cited a recent advertising case to claim they had no duty to defend.

In paying the defense coverage, a reservation-of-rights was filed by State Farm stating the reservation was covering March 1, 1987 through Feb 28, 1999. State Farm then proceeded to pay the claim based on a claim date of Oct 26, 1999 and under the coverage of "bodily injury" and some under "property damage" but nothing under advertising liability.