

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

STIMLABS LLC,

Plaintiff,

v.

SARAH GRIFFITHS,

Defendant.

CIVIL ACTION NO.
1:24-cv-02977-TRJ

ORDER

This matter is before the Court on Defendant’s Motion to Dismiss Plaintiff’s Amended Complaint. Upon review and consideration, and with the benefit of oral argument, Defendant’s Motion to Dismiss (Doc. 16) is **DENIED**.

BACKGROUND

In this lawsuit, Plaintiff Stimlabs LLC (“Stimlabs”) alleges that Defendant Sarah Griffiths (“Griffiths”)—a former Stimlabs employee—unlawfully took Stimlabs’ trade secrets. (Doc. 14). Stimlabs is a regenerative medicine company that develops and sells wound care products for use in medical offices and hospitals. (*Id.* at ¶ 6). One of the products Stimlabs offers is called Corplex P. (*Id.* at ¶ 8). Corplex P is a product made of donated human umbilical cord, which is applied to, and used in, the management of ulcers, wounds, and similar injuries to the body. (*Id.*) Stimlabs asserts that it is the first and only company to receive “510(k) clearance” from the Food and Drug Administration (“FDA”) for a product using human birth tissue

products.¹ (*Id.*) Stimlabs alleges it possesses highly confidential information related to Corplex P and its other products, and that this information was developed over time and after expenditure of significant effort and money. (*Id.* at ¶ 11). According to Stimlabs, this information is incredibly valuable and helps Stimlabs maintain its competitive advantage over its competitors, who do not know this information and cannot obtain it through proper means. (*Id.* at ¶ 12).

Stimlabs asserts that it takes substantial steps to protect its confidential information, including, but not limited to: (1) significantly limiting access to the information within Stimlabs to employees on a need-to-know basis; (2) storing the information on a highly secure, password protected SharePoint site; (3) reviewing the email and SharePoint access activity logs of departing employees; (4) adopting policies that explicitly limit the access and use of the information, prohibit employees from using non-Stimlabs devices to access the information, and prohibit employees from copying Stimlabs' files; (5) requiring employees to execute agreements that require them to protect the information; and (6) requiring employees to complete training regarding these policies and the secrecy of such information. (*Id.* at ¶ 13).

Griffiths began working for Stimlabs in November 2015 as the Director of Product Development. (*Id.* at ¶ 16). Griffiths was eventually promoted to Chief

¹ According to Stimlabs, securing 510(k) clearance for a product is a tremendous undertaking as such products must undergo a rigorous review and approval process. (*Id.* at ¶ 9). Stimlabs asserts that it spent the last four years developing strategies and techniques to successfully use the 510(k) regulatory approval route as an accelerated path to market and, in doing so, has created a significant competitive advantage over its competitors. (*Id.* at ¶ 10).

Scientific Officer in November 2021. (*Id.*) Stimlabs alleges that based on her job duties as Chief Scientific Officer, Griffiths gained very specific knowledge of, and had access to, Stimlabs' trade secrets and owed a fiduciary duty to Stimlabs. (*Id.* at ¶ 17). According to Stimlabs, Griffiths was one of only 13 employees with access to Stimlabs' confidential information on the SharePoint site, which constitutes Stimlabs' trade secrets. (*Id.* at ¶ 14). As such, she was required to sign an Employment Agreement with restrictive covenant provisions (which also stated that she had no right to "reproduce" Stimlabs' trade secrets), abide by and enforce the Information Security Policy, comply with the Employee Handbook, attend and comply with Stimlabs' confidentiality training, and abide by her fiduciary duty to Stimlabs to maintain the secrecy of its trade secrets and confidential information. (*Id.* at ¶ 15).

In 2023, Stimlabs' Chief Executive Officer ("CEO") began discussing Griffiths' performance with her—in particular, his frustrations with the lack of new product development by Griffiths. (*Id.* at ¶¶ 18–19). Stimlabs asserts that on June 3, 2024, the CEO and Griffiths spoke again and agreed to work together to negotiate and effectuate the amicable departure of Griffiths from Stimlabs in the coming weeks, during which time Stimlabs permitted Griffiths to continue working. (*Id.* at ¶¶ 19–20). Because negotiations stalled, Stimlabs informed Griffiths on June 26, 2024, that it would continue to negotiate with her but would also announce her departure from Stimlabs internally the next day. (*Id.* at ¶ 21).

That same day, on June 26, 2024, Stimlabs' IT Department ran a report to determine whether Griffiths had improperly accessed any of Stimlabs' proprietary

information since her meeting with the CEO, including her use of company email and the SharePoint site. (*Id.* at ¶ 22). Stimlabs alleges it discovered that hours after her meeting with the CEO on June 3, 2024, in which they discussed her separation, Griffiths accessed the SharePoint site and downloaded approximately 10,930 of Stimlabs' documents, including trade secrets. (*Id.* at ¶ 23). Among these documents were documents describing the next five years of potential new products, potential 510(k) clearances and different variations of Corplex P, a document describing Stimlabs' confidential communications with the Centers for Devices and Radiological Health and the FDA, a document detailing how Stimlabs secured 510(k) clearance for Corplex P, and a PowerPoint describing the different stages of Stimlabs' products in development, among other things. (*Id.*)

Stimlabs alleges that its internal investigation also revealed that Griffiths downloaded the trade secrets and other files onto at least two devices—one of which was her Stimlabs-issued MacBook (the “Mac”) and the other which was an unauthorized device not recognized by Stimlabs' SharePoint site. (*Id.* at ¶ 24). According to Stimlabs, Griffiths was prohibited from downloading Stimlabs' confidential information or trade secrets to unauthorized devices for any reason. (*Id.*) By doing so, Stimlabs alleges Griffiths breached her Employment Agreement, her duties and obligations under the Information Security Policy and the Employee Handbook, her duties and obligations to comply with the confidentiality training, and her fiduciary duty to Stimlabs. (*Id.*)

On June 28, 2024, Stimlabs engaged a third-party forensic computer firm to

analyze the Mac, which revealed that, among other things, the Mac was used to access the SharePoint site on June 3, 2024, and approximately 10,390 of Stimlabs' trade secrets were downloaded from the SharePoint site onto the Mac and the unauthorized device on June 3, 2024. (*Id.* at ¶ 25). Stimlabs claims that Griffiths also used the Mac to log into a personal cloud storage account with Google and uploaded Stimlabs' trade secrets to her personal Google Drive, in breach of her Employment Agreement, her duties and obligations under the Information Security Policy and the Employee Handbook, and her duties and obligations to comply with the confidentiality training, and her fiduciary duty to Stimlabs. (*Id.*) Stimlabs alleges that on June 19, 2024, between 11:14 a.m. and 11:36 a.m., Griffiths "simultaneously accessed" approximately 8,656 of the Stimlabs' trade secrets previously downloaded from the SharePoint site onto the Mac, and later that day, she "simultaneously accessed" 588 additional trade secrets. (*Id.*) Stimlabs claims that this "simultaneous access" indicates these files were copied from the Mac onto another unauthorized device or personal storage account in Griffiths' possession and/or control. (*Id.*)

Stimlabs alleges that by saving and/or copying its trade secrets to unauthorized devices and her personal Google Drive, Griffiths' actions were unauthorized and an improper misappropriation that threatens Stimlabs' entire competitive advantage. (*Id.* at ¶ 26). Even though Griffiths' employment with Stimlabs ended on June 28, 2024, Stimlabs alleges her actions have allowed her to remain in possession of its trade secrets. (*Id.*)

On July 3, 2024, Stimlabs filed a Complaint against Griffiths, alleging claims

for violations of the Defend Trade Secrets Act (“DTSA”) and the Georgia Trade Secrets Act (“GTSA”). (Doc. 1). Stimlabs also sought a temporary restraining order (“TRO”) against Griffiths, seeking a return of all confidential proprietary and trade secret information belonging to Stimlabs in Griffiths’ possession, custody, or control, which the Court denied. (Docs. 3, 15). On August 9, 2024, Stimlabs filed the Amended Complaint, which is the operative pleading. (Doc. 14). In the Amended Complaint, Stimlabs alleges violations of the DTSA and the GTSA (Counts I and II), and it adds a breach of contract claim (Count III) based on Griffiths’ alleged breach of the Employment Agreement when she downloaded Stimlabs’ trade secrets to unauthorized devices and uploaded and copied the trade secrets to unauthorized devices and her personal Google Drive. (Doc. 14). On August 23, 2024, Griffiths moved to dismiss the Amended Complaint for failure to state a claim. (Doc. 16). Stimlabs filed a response in opposition to the motion, and Griffiths filed a reply. (Docs. 17, 18). On March 24, 2025, the Court heard oral argument from the parties on the motion.

LEGAL STANDARD

A complaint should be dismissed under Federal Rule of Civil Procedure 12(b)(6) only where it appears that the facts alleged fail to state a “plausible” claim for relief. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009); FED. R. CIV. P. 12(b)(6). “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678. “The plausibility standard is not akin to a ‘probability requirement,’ but it asks for more than a sheer possibility that a defendant has acted

unlawfully.” *Id.* But a complaint may survive a motion to dismiss for failure to state a claim even if it is “improbable” that a plaintiff would be able to prove the facts, and even if the possibility of recovery is “remote and unlikely.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007). Moreover, at the motion to dismiss stage, “all well pleaded facts are accepted as true, and the reasonable inferences therefrom are construed in the light most favorable to the plaintiff.” *FindWhat Inv’r Grp. v. FindWhat.com*, 658 F.3d 1282, 1296 (11th Cir. 2011) (citation omitted).

DISCUSSION

As a preliminary matter, Stimlabs’ motion for a TRO was denied on August 13, 2024, following a hearing. (Doc. 15). The order denying the motion states, in relevant part, that “Plaintiff has not introduced evidence that Defendant accessed Plaintiff’s documents for any purpose other than to do her job at the time, and the case law is very clear that this does not constitute misappropriation.” (Doc. 15 at 2). But, this Court notes that the hearing on Stimlabs’ motion for a TRO occurred on August 1, 2024, prior to Stimlabs’ filing of the Amended Complaint on August 9, 2024. (Docs. 12, 14). Thus, it was based on allegations from the initial Complaint, not the operative pleading. Moreover, the Amended Complaint includes four exhibits, none of which were attached to the initial Complaint. These exhibits include various agreements and policies that Stimlabs contends Griffiths violated. (Docs. 14-1–14-4). Finally, the Court notes that the standards for obtaining a TRO and a dismissal for failure to state a claim are “quite different.” *See Preston P’ship, LLC v. ADG Design Studio, LLC*, No. 1:17-cv-2846-WSD, 2018 WL 307147, at *7 (N.D. Ga. Jan. 5, 2018). As such,

the reasoning in the Court's prior order denying Stimlabs' motion for a TRO is not persuasive for purposes of ruling on Griffiths' pending motion to dismiss.

A. Counts I and II – Trade Secrets

Griffiths argues that Stimlabs' trade secrets claims under both the DTSA and the GTSA fail because Stimlabs has not sufficiently identified the existence of any protectable trade secrets and has not adequately alleged any misappropriation by Griffiths of any trade secrets. (Doc. 16-1 at 12–23). In response, Stimlabs asserts that it specifically identified, and provided 12 examples of, the trade secrets at issue (Doc. 17 at 13), and that it sufficiently alleged that Griffiths misappropriated its trade secrets based on her improper acquisition of the trade secrets using unauthorized devices and her personal Google Drive (*Id.* at 18–19).

To state a plausible claim for misappropriation of trade secrets under the GTSA, a plaintiff must allege that (1) it had a trade secret, and (2) the opposing party misappropriated the trade secrets. *Angel Oak Mortg. Sols. LLC v. Mastronardi*, 593 F. Supp. 3d 1234, 1243–44 (N.D. Ga. 2022) (citation omitted). The DTSA requires the same showing, but with the additional requirement that the trade secrets are related to a product or service used in, or intended for use in, interstate or foreign commerce. *Id.* at 1244. Both statutes define misappropriation as “(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” 18 U.S.C. §§ 1839(5)(A)–(B); O.C.G.A. §§ 10-1-761(2)(A)–(B) (emphasis added).

The Court finds that Stimlabs has sufficiently identified the trade secrets at issue by providing 12 specific examples of the trade secrets it claims Griffiths misappropriated in paragraph 23 of the Amended Complaint. These allegations are sufficient to satisfy the pleading standard at this stage. *DynCorp Int'l v. AAR Airlift Grp., Inc.*, 664 F. App'x 844, 848 (11th Cir. 2016) (“[A]t the dismissal stage in federal court, the plaintiff need only allege sufficient facts to plausibly show a trade secret was involved and to give the defendant notice of the material it claims constituted a trade secret.”) (citation omitted). Griffiths takes issue with Stimlabs’ reliance on *DynCorp International*, arguing that the employer in *DynCorp International* “did not merely list categories of ‘data, formulas, methods,’ etc. as Stimlabs has done.” (Doc. 18 at 8). But the Amended Complaint shows that Stimlabs did more than just list general categories. Paragraph 23 specifically sets forth the types of trade secrets Stimlabs is alleging were misappropriated by Griffiths, including documents describing the next five years of potential new products, potential 510(k) clearances and different variations of Corplex P, a document describing Stimlabs’ confidential communications with the Centers for Devices and Radiological Health and the FDA, a document detailing how Stimlabs secured 510(k) clearance for Corplex P, and a PowerPoint describing the different stages of Stimlabs’ products in development, among other things. (Doc. 14 at ¶ 23).

Indeed, whether information constitutes a “trade secret” is generally a question of fact. *Compulife Software Inc. v. Newman*, 959 F.3d 1288, 1311 (11th Cir. 2020) (“[W]hether something is a trade secret is a question typically ‘resolved by a

fact finder after full presentation of evidence from each side.”); *Yellowfin Yachts, Inc. v. Barker Boatworks, LLC*, 898 F.3d 1279, 1298 (11th Cir. 2018) (same). Accordingly, at this stage, the Court finds Stimlabs has sufficiently identified its trade secrets and alleged that this information is entitled to protection as trade secrets. *See AirWatch LLC v. Mobile Iron, Inc.*, No. 1:12-cv-3571-JEC, 2013 WL 4757491, at *3 (N.D. Ga. Sept. 4, 2013) (explaining that a plaintiff need not disclose the trade secrets in detail at the pleading stage; rather, the court need only be able to determine what information the plaintiff claims the defendant misappropriated).

The Court now turns to the issue of whether Stimlabs has sufficiently alleged that Griffiths misappropriated its trade secrets. Stimlabs asserts that when Griffiths uploaded and copied Stimlabs’ trade secrets to unauthorized devices and her personal Google Drive, she breached her duty to maintain secrecy and, therefore, her acquisition of the trade secrets constituted “improper means.” (Doc. 17 at 19). In response, Griffiths argues that Stimlabs failed to allege that she used “improper means” to obtain the trade secrets because “[s]aving digital files in a second location that the employee controls, or even e-mailing files to a personal e-mail address (something Dr. Griffiths is not accused of doing), does not rise to ‘improper means.’” (Doc. 16-1 at 16–18). The Court disagrees.

In the Amended Complaint, Stimlabs alleges that Griffiths breached her duties under the Employment Agreement, the Information Security Policy, the Employee Handbook, the confidentiality training, and her fiduciary duty to Stimlabs when she uploaded and copied the trade secrets to unauthorized devices and her personal

Google Drive. (Doc. 14 at ¶¶ 37, 48). Due to this breach of her duties (*i.e.*, in violation of these various agreements, policies, and trainings), Stimlabs alleges that Griffiths acquired the trade secrets by improper means. (*Id.*) These allegations are sufficient at this stage to show misappropriation by Griffiths. *See Kitchens v. Peoplescout, Inc.*, No. 1:23-cv-978-MHC, 2024 WL 3313361, at *13 (N.D. Ga. May 24, 2024) (finding plaintiff who acquired trade secrets throughout the duration of his employment misappropriated such documents because he signed a confidentiality agreement during his employment); *Meyn Am., LLC v. Tarheel Distribs., Inc.*, 36 F. Supp. 3d 1395, 1408 (M.D. Ga. 2014) (“[I]t is [the employee’s] violation of [a valid agreement] that makes his acquisition of the Plaintiff’s drawings ‘improper’ despite the fact he had permission to use the drawings before he was fired; he breached a confidential relationship and duty to maintain the secrecy of the drawings.”); *AUA Priv. Equity Partners, LLC v. Soto*, No. 1:17-cv-8035-GHW, 2018 WL 1684339, at *7 (S.D.N.Y. Apr. 5, 2018) (concluding plaintiff had plausibly alleged an employee had misappropriated trade secrets by uploading them to a personal Google Drive “in direct violation of the confidentiality agreements that she signed”).

Indeed, various courts have held that employees who may have obtained trade secrets throughout the course of their employment can still misappropriate the trade secrets via improper means if the acquisition of the trade secrets breached an agreement with the employer. *See Kitchens*, 2024 WL 3313361, at *13–14 (copying trade secrets during employment in breach of confidentiality agreement is misappropriation); *U.S. Sec. Assocs. v. Lumby*, No. 1:18-cv-5331-TWT, 2019 WL

8277263, at *11 (N.D. Ga. Sept. 25, 2019) (holding trade secrets acquired throughout employment are misappropriated via improper means when the defendant signed non-disclosure confidentiality agreement); *Broad-Ocean Techs., LLC v. Lei*, 649 F. Supp. 3d 584, 595 (E.D. Mich. Jan. 9, 2023) (downloading files from employer’s server and uploading to personal Google Drive in violation of the employee’s confidentiality agreement is evidence of misappropriation); *AUA Priv. Equity Partners, LLC*, 2018 WL 1684339, at *7 (uploading files to a personal Google Drive in breach of confidentiality agreement is evidence of misappropriation).

The instant case is distinguishable from *Putters v. Rmax Operating, LLC*, No. 1:13-cv-3382-TWT, 2014 WL 1466902 (N.D. Ga. Apr. 15, 2014) because, unlike the plaintiff in *Putters* who had no written agreement protecting proprietary information, Stimlabs alleges that Griffiths executed an agreement prohibiting her from “reproduc[ing]” Stimlabs’ trade secrets and requiring her to “use best efforts to protect Confidential Information.” (Doc. 14 at ¶¶ 55–56). Similarly, *Angel Oak Mortgage Solutions LLC v. Mastronardi*, 593 F. Supp. 3d 1234, 1244–45 (N.D. Ga. 2022) is distinguishable because, unlike Griffiths, the defendant in *Angel Oak* did not breach his contractual duty not to “disclose,” “divulge,” or “publish [trade secrets] to others.” *Id.* at 1244. Here, Stimlabs alleges that Griffiths breached her Employment Agreement when she reproduced Stimlabs’ trade secrets on unauthorized devices and her personal Google Drive. (Doc. 14 at ¶¶ 54–55, 57). Stimlabs further alleges that Griffiths breached her Employment Agreement when she failed to “use best efforts to protect Confidential Information” because her actions violated the Information

Security Policy, the Employee Handbook, the confidentiality training, and her fiduciary duty. (*Id.* at ¶¶ 54–55, 56).

Because Griffiths is alleged to have uploaded and copied Stimlabs’ trade secrets onto unauthorized devices and her personal Google Drive without Stimlabs’ permission and in direct violation of her Employment Agreement, the Amended Complaint plausibly alleges that she acquired the trade secrets by improper means, *i.e.*, in breach of her duty to maintain secrecy. Therefore, the Amended Complaint states a claim for misappropriation under the DTSA and the GTSA.

B. Count III – Breach of Contract

In Count III of the Amended Complaint, Stimlabs alleges Griffiths breached her Employment Agreement by downloading Stimlabs’ trade secrets onto unauthorized devices and by uploading and copying the trade secrets to her other unauthorized devices and her personal Google Drive. (Doc. 14 at ¶¶ 54–55). In her Motion to Dismiss, Griffiths argues that this claim is subject to dismissal because Griffiths did not “use” Stimlabs’ documents for any purpose outside of her employment, and that she did not “disclose” Stimlabs’ documents to any person or entity. (Doc. 16-1 at 23). Griffiths argues that even if a breach were shown, “given that the breach consisted solely of an employee’s downloading and saving company files, but not using or disclosing them for any non-company purpose, Stimlabs cannot have suffered any damages.” (*Id.* at 25). The Court disagrees.

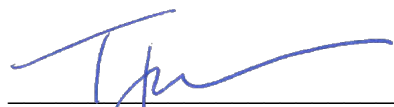
“The elements for a breach of contract claim in Georgia are the (1) breach and the (2) resultant damages (3) to the party who has the right to complain about the

contract being broken.” *Bates v. JPMorgan Chase Bank, NA*, 768 F.3d 1126, 1130 (11th Cir. 2014); *see also Anthony v. Concrete Supply Co., Inc.*, 241 F. Supp. 3d 1342, 1348 (N.D. Ga. 2017). Griffiths argues that Stimlabs suffered no damages based on the downloading, uploading, and copying of the trade secrets because Griffiths did not use or disclose the trade secrets in any way. But, the determination of whether any use or disclosure of the trade secrets occurred and whether Stimlabs was damaged by any such use or disclosure are issues to be addressed during the discovery period, not at the motion to dismiss stage. Additional information, such as the precise amount that Stimlabs contends it is owed based on the alleged breach, can be obtained through discovery and need not be pled in the Amended Complaint to survive a motion to dismiss. *See Anthony*, 241 F. Supp. 3d at 1349 (denying motion to dismiss a breach of contract claim even where the plaintiffs did not allege the precise amount of damages). As such, Stimlabs’ breach of contract claim is sufficiently pled.

CONCLUSION

For these reasons, Griffiths’ Motion to Dismiss Plaintiff’s Amended Complaint (Doc. 16) is **DENIED**. Griffiths is **ORDERED** to file an answer to the Amended Complaint by **April 10, 2025**. The parties are **ORDERED** to submit a Joint Preliminary Report and Discovery Plan by **May 12, 2025**.

SO ORDERED, this 27th day of March, 2025.



TIFFANY R. JOHNSON
United States District Judge