

## Judge orders Bloomberg to face social media trade secret suit

21-11-2018



yuriz / iStockphoto.com

A US judge ruled that Bloomberg must face trade secret accusations late last week, after the financial and media company failed to convince the court to dismiss the claims of trade secret misappropriation.

On Friday, November 16, judge Kevin Castel of the US District Court for the Southern District of New York rejected Bloomberg's contention that artificial intelligence (AI) company iSentium had not

adequately identified the trade secrets at issue.

The AI company had sued Bloomberg back in October 2017, claiming that Bloomberg had misappropriated trade secrets and infringed a patent in developing its own application for analysing social media posts.



Four years before, in 2013, iSentium and Bloomberg entered into an agreement in which the AI company's technology was incorporated into the [Bloomberg Terminal](#), a system that allows financial services professionals to analyse real-time market data.

iSentium's sentiment-analysis technology, iSense, is an application that analyses "massive amounts of individual social media content" and uses the "unstructured data" as "indicators" in business and politics.

During this time, iSentium allegedly provided Bloomberg with information, including trade secrets related to "its methodologies for processing social media content and transforming its analysis into real-time graphs that are easily comprehended by an end-user", said Castel in his judgment.

But, by 2016, the parties had terminated the relationship. The AI company had altered aspects of iSense, making it incompatible with the Bloomberg Terminal system. iSentium asked Bloomberg to remove the technology and the parties terminated their agreement.

In its lawsuit, iSentium claimed that Bloomberg began to develop its own sentiment-analysis technology, based on iSentium's proprietary technology.

Bloomberg [secured the dismissal](#) of a patent infringement claim in the case in late October.

Castel granted dismissal of iSentium's claim that its asserted patent (US number 8,856,056), which describes a method for evaluating statements posted to Twitter that discuss publicly traded assets, was infringed.

The judge found that the patent does not describe eligible subject matter, as it was directed to the abstract idea of interpreting a written statement posted to social media and said that it failed to meet either stage of the two-step test set out by the US Supreme Court in *Alice v CLS Bank* in 2014.

Late last week, Castel also granted Bloomberg's motion to dismiss iSentium's claims of promissory estoppel and unjust enrichment.

In addition the judge denied Bloomberg's attempts to dismiss claims for the misappropriation of trade secrets and breach of contract.

Castel concluded that while the allegations describing iSentium's purported trade secrets are broad, they are sufficient to give Bloomberg notice of the claim asserted against it.

He added that "comparable descriptions have been held to be adequate to identify a trade secret at the pleading stage", citing *Next Communications v Viber Media* (2016), in which the court concluded that a complaint's description of a "unique technique for routing calls, allowing for detailed traffic monitoring, reporting, and billing" was adequate to identify the trade secret.

A pretrial conference is set for December 14.

Alexander Urbelis, partner at Blackstone Law Group and representative of iSentium, said: "You can call it a patent case or a misappropriation of trade secrets case; whatever you call it, Bloomberg did not have the right to use our client's technology or data stream for their competing product."

He added that trade secrets, such as proprietary methodologies, algorithms, and analyses, are among a business's core assets and that the misappropriation of them can result in an "existential threat".

**Did you enjoy reading this story? [Sign up to our free daily newsletters](#) and get stories like this sent straight to your inbox.**

---

## Today's top stories

[McGuireWoods promotes four IP attorneys to partnership](#)

[Winthrop & Weinstine shareholder joins Barnes & Thornburg](#)

[Bath & Body Works sues Aldi over candles](#)

[EU failing to fix copyright directive: lawyers comment on leak](#)

[EU court serves victory to PepsiCo in TM appeal](#)

---



# Sign up for the newsletter

Receive daily emails from WIPR