GRAND PARK LAW GROUP
A PROFESSIONAL CORPORATION

WESTSIDE TOWERS
11835 W. Olympic Boulevard #870E
Los Angeles, California 90064

O:+1 888.629.4754
F: +1 310.900.0805

INSIGHT · BUSINESS TORTS

CUTSA Preemption: When California's Trade-Secret Statute Swallows Common-Law Claims

Grand Park Law Group · November 7, 2026 · 7 min read



Civil Code section 3426.7 preserves contract and criminal remedies while displacing civil claims built on trade-secret misappropriation.

California's Uniform Trade Secrets Act (CUTSA), Civil Code section 3426 et seq., is the civil remedy for trade-secret misappropriation. Its savings clause, Civil Code section 3426.7, also decides which companion claims survive. This memorandum states the displacement test and its limits as of November 2026.

I. Question Presented

When does CUTSA displace a common-law or statutory claim pleaded alongside, or in place of, a misappropriation claim? How does the federal Defend Trade Secrets Act (DTSA) bear on that question?

II. Short Answer

Section 3426.7 displaces noncontract civil claims that rest on the same nucleus of facts as a misappropriation claim. It does not reach contract claims, criminal remedies, or civil claims whose gravamen is a wrong independent of misappropriation. The DTSA declares that it does not preempt or displace other remedies, so it does not displace state-law claims.

III. Governing Law

A. The Statutory Text

Section 3426.7, subdivision (a), provides that CUTSA "does not supersede any statute relating to misappropriation of a trade secret, or any statute otherwise regulating trade secrets." Subdivision (b) provides that CUTSA "does not affect (1) contractual remedies, whether or not based upon misappropriation of a trade secret, (2) other civil remedies that are not based upon misappropriation of a trade secret, or (3) criminal remedies, whether or not based upon misappropriation of a trade secret." (Civ. Code, § 3426.7, subds. (a), (b).)

The definitions in Civil Code section 3426.1 frame the inquiry. A "trade secret" is information that derives independent economic value from not being generally known and is the subject of reasonable secrecy efforts. (Civ. Code, § 3426.1, subd. (d).) "Improper means" includes theft, bribery, misrepresentation, and breach or inducement of a breach of a duty to maintain secrecy. Reverse engineering or independent derivation alone is not improper means. (*Id.*, subd. (a).)

B. The Same-Nucleus Test: *K.C. Multimedia*

In *K.C. Multimedia, Inc. v. Bank of America Technology & Operations, Inc.* (2009) 171 Cal.App.4th 939, the Sixth District agreed with federal decisions holding that section 3426.7, subdivision (b), preempts common-law claims "based on the same nucleus of facts as the misappropriation of trade secrets claim for relief." (*Id.* at p. 958.) The court read the phrase "based upon misappropriation" to call for a factual inquiry into the conduct alleged. It rejected a rule that would let common-law claims proceed whenever they seek "something more" than trade-secret relief. It held that claims for breach of confidence, interference with contract, and statutory unfair competition were preempted, because each rested on the alleged disclosure of trade secrets. It also held that the trial court did not act prematurely in resolving preemption before trial.

C. Exclusivity and Non-Secret Information: *Silvaco*

In *Silvaco Data Systems v. Intel Corp.* (2010) 184 Cal.App.4th 210, the court reaffirmed that "CUTSA provides the exclusive civil remedy for conduct falling within its terms." (*Id.* at p. 236.) It held conversion, common-count, and misrepresentation claims superseded where they rested on the taking of trade secrets. It also reasoned that information is not property unless some law makes it so. (*Id.* at p. 239 & fn. 22.) An amended unfair competition claim, premised on aiding a violation of a judgment, was not superseded, because its gravamen did not depend on trade-secret law. (*Id.* at pp. 241–242.)

Silvaco remains citable on displacement. The Supreme Court in *Kwikset Corp. v. Superior Court* (2011) 51 Cal.4th 310 disapproved it only on a different point: *Kwikset* held that "ineligibility for restitution is not a basis for denying standing under section 17204," and disapproved *Silvaco*'s contrary statement at page 245. (*Kwikset*, at p. 337.)

| Beverly Hills • San Francisco • San Diego • Chicago |
| Main: (888) 629-GPLG (4754) • Fax: (310) 900-0805 • www.GrandParkLawGroup.com |

D. **The Independent-Wrong Rule: *Angelica Textile***

In *Angelica Textile Services, Inc. v. Park* (2013) 220 Cal.App.4th 495, the Fourth District held that CUTSA "does not displace noncontract claims that, although related to a trade secret misappropriation, are independent and based on facts distinct from the facts that support the misappropriation claim." (*Id.* at p. 506.) It also confirmed that CUTSA does not displace a contract claim even if the claim rests on misappropriation. (*Ibid.*; Civ. Code, § 3426.7, subd. (b)(1).) Claims for breach of a noncompetition covenant, breach of the duty of loyalty, unfair competition, and interference survived because each had a basis independent of any misappropriation. A conversion claim survived because it did not depend on the existence of a trade secret. (*Angelica*, at pp. 506–508.)

E. **The 2026 Gravamen Decision: *Guild Mortgage***

On May 27, 2026, Division One of the Fourth District decided *Guild Mortgage Co. LLC v. CrossCountry Mortgage LLC* (May 27, 2026, D085036, D085273) ___ Cal.App.5th ___. The court held that, however broadly displacement is construed, courts look to the gravamen of the complaint. It found that the alleged scheme to take a branch's personnel, customers, and loan pipeline "goes far beyond merely taking and using confidential information." The interference claims therefore were not displaced. The court also held, as a matter of first impression in published California authority, that CUTSA does not displace civil claims under Penal Code section 502, the Comprehensive Computer Data Access and Fraud Act. It reasoned that such claims are "other civil remedies . . . not based upon misappropriation of a trade secret." (Civ. Code, § 3426.7, subd. (b)(2).)

F. **Procedure and the Federal Overlay**

Code of Civil Procedure section 2019.210 requires a party alleging misappropriation under CUTSA to identify the trade secret "with reasonable particularity" before commencing discovery relating to it.

The DTSA authorizes "[a]n owner of a trade secret that is misappropriated" to bring a civil action. (18 U.S.C. § 1836(b)(1).) Federal district courts have original jurisdiction. (*Id.* § 1836(c).) The limitations period is three years. (*Id.* § 1836(d).) If the trade secret "is willfully and maliciously misappropriated," the court may award exemplary damages of up to two times the damages awarded. (*Id.* § 1836(b)(3)(C).) Reasonable attorney's fees may go to the prevailing party where a claim is made in bad faith, where a motion to terminate an injunction is made or opposed in bad faith, or where the misappropriation is willful and malicious. (*Id.* § 1836(b)(3)(D).) Section 1838 provides that the chapter "shall not be construed to preempt or displace any other remedies," civil or criminal, under federal or state law. (18 U.S.C. § 1838.)

| Beverly Hills • San Francisco • San Diego • Chicago |
| Main: (888) 629-GPLG (4754) • Fax: (310) 900-0805 • www.GrandParkLawGroup.com |

IV. Analysis

A. The Inquiry Is Claim-by-Claim and Fact-Driven

The decisive question is what conduct each claim actually alleges. A claim labeled as interference, conversion, or unfair competition is displaced if its factual core is the acquisition, disclosure, or use of trade secrets (*K.C. Multimedia*; *Silvaco*). The same labels survive when the core conduct is something else: competing while still employed, diverting customers, destroying a business unit, or accessing computer systems without permission (*Angelica*; *Guild Mortgage*).

B. Claims That Typically Survive

- **Contract claims**, including claims on confidentiality covenants, whether or not based on misappropriation. (Civ. Code, § 3426.7, subd. (b)(1).)
- **Duty-of-loyalty and fiduciary claims** grounded in an employee's competition while still employed. (*Angelica*; *Guild Mortgage*.)
- **Conversion of tangible property or documents** where liability does not turn on trade-secret status. (*Angelica*.)
- **Unfair competition claims** predicated on an independent unlawful act. (*Silvaco*, amended claim.)
- **Penal Code section 502 civil claims.** (*Guild Mortgage*.)

C. Claims at Greatest Risk

Breach-of-confidence claims, interference claims whose "improper means" is the misappropriation itself, and unfair competition claims that simply restate a CUTSA violation are displaced under *K.C. Multimedia*. Conversion and unjust-enrichment theories directed at information face *Silvaco*'s premise that information is not property absent a law making it so.

D. Information That Is Not a Trade Secret

Whether CUTSA displaces claims for the taking of confidential information that does not qualify as a trade secret remains contested in published authority. *Silvaco*'s reasoning points toward displacement. *Guild Mortgage* expressly declined to resolve the point, deciding the case on gravamen "regardless of whether" CUTSA reaches such claims. A pleader relying on non-secret information should identify a source of law, such as a contract or a statute, that makes the information protectable.

E. DTSA Interplay

Section 1838 means a DTSA claim does not itself displace any state-law remedy. It does not, however, rescue state-law claims from CUTSA. A federal court applying California law to supplemental state claims applies section 3426.7; *K.C. Multimedia* drew its test from federal decisions doing exactly that. A DTSA count adds remedies without changing the analysis for state-law counts.

V. Practical Considerations

- Plead each companion claim on facts that do not depend on trade-secret status. State those facts in the claim itself, not only by incorporation.
- Pair tort theories with contract claims where a confidentiality or non-solicitation covenant exists; subdivision (b)(1) protects them.
- In state court, prepare the section 2019.210 identification before serving trade-secret discovery.
- Defendants should test displacement early. *K.C. Multimedia* confirms that a pretrial ruling is permissible.
- Check the subsequent history of *Guild Mortgage* before relying on it; it was decided in May 2026.

VI. Authorities Cited

- Civ. Code, § 3426.1
- Civ. Code, § 3426.7
- Code Civ. Proc., § 2019.210
- 18 U.S.C. § 1836
- 18 U.S.C. § 1838
- *K.C. Multimedia, Inc. v. Bank of America Technology & Operations, Inc.* (2009) 171 Cal.App.4th 939
- *Silvaco Data Systems v. Intel Corp.* (2010) 184 Cal.App.4th 210
- *Kwikset Corp. v. Superior Court* (2011) 51 Cal.4th 310
- *Angelica Textile Services, Inc. v. Park* (2013) 220 Cal.App.4th 495
- *Guild Mortgage Co. LLC v. CrossCountry Mortgage LLC* (May 27, 2026, D085036, D085273) ___ Cal.App.5th ___

Practice	Business Torts
Topics	Trade Secrets · CUTSA · Preemption · DTSA
Publication	Corporate & Business · November 7, 2026

Available online at grandparklawgroup.com/insights/articles/cutsa-preemption-trade-secret-state-law-claims. This publication is provided for general information and is not legal advice.
© 2026 Grand Park Law Group, A.P.C. Attorney Advertising.