

Trade Secret Protection

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Do you always need a patent?

- Patents v. Trade Secrets
- Major differences in protection
- Key strategic considerations

“Trade Secret” Defined

- **Secret:** Information that (a) is not generally known and (b) is subject to efforts that are reasonable under the circumstances to maintain its secrecy.
- **Economic Value:** Information that derives independent economic value from not being generally known.

Trade secrets are valuable because they are not generally known.

- Value of trade secrets not derived from value of product or service but from fact that:
- Acquisition, disclosure or use of trade secret would provide competitors:
 - “Head start” on getting to market; or
 - Other competitive advantage.

Trade secret protection automatically extinguished if:

- The trade secret is disclosed to the public or to third parties not bound to confidentiality; or
- Plaintiff fails to take reasonable steps under the circumstances to protect against disclosure.

“Improper Means” of Acquiring Trade Secrets

- Breach of duty of confidentiality
- Inducement of breach of duty of confidentiality
- Theft, bribery, fraud, espionage
- Any conduct falling below “generally accepted standards of commercial morality”

Reverse Engineering ≠ “Improper Means”

- Release of product may constitute disclosure.
- Reverse engineering is not a defense if:
 - Process “tainted” by misappropriation;
 - Defendant’s conduct breached terms of use.

TRIPS Agreement

- Trade-Related Aspects of Intellectual Property Rights (“TRIPS”)
- TRIPS Agreement is Annex 1C of the Marrakesh Agreement that established The World Trade Organization in 1994
- TRIPS sets minimum standards for protection of intellectual property in WTO member nations
- This includes protection for trade secrets
- China is a signatory to the TRIPS agreement

Trade Secret Protection in China

- The Anti-Unfair Competition Law
- Article 10: Definition of Trade Secret
 - Technical and business information unknown to the public;
 - Which has economic value and practical utility; and
 - Trade secret owner has taken measures to maintain confidentiality.

Trade Secret Protection in China (con't)

- Definition of misappropriation
 - Acquiring trade secret by theft, inducement, duress, or other illegal means
 - Disclosing, using, or allowing others to use trade secret of another acquired by above illegal means
 - Disclosing, using, or allowing others to use trade secret in breach of an agreement or a confidentiality obligation
- Reverse engineering is not misappropriation