

**UNITED STATES
PATENT AND TRADEMARK OFFICE**



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Trade secret protection in the United States

Why are trade secrets important?

- Trade secrets play an important role in the development of commercial competitiveness, economic gain, and strategic positioning, especially for start-ups and R&D-intensive industries.

What is a trade secret?

- Information that has either actual or potential independent economic value by virtue of not being generally known; and
- Has value to others who cannot legitimately obtain the information; and
- Is subject to reasonable efforts to maintain its secrecy.

Some types of trade secrets

- Formulas/Recipes
- Product Designs
- Customer Lists
- Pricing Schedules
- Manufacturing techniques
- Technical Data
- Marketing Strategies
- Sales techniques

Examples of famous trade secrets

Coca-Cola: The formula of Coca-Cola's natural flavorings is a trade secret, although other ingredients are listed on the side of the bottle or can.

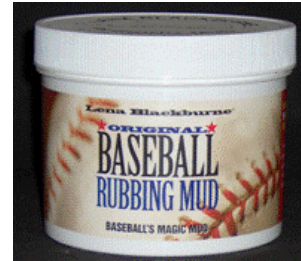


WD-40: A penetrating oil and water-displacing spray abbreviated from the term "Water Displacement, 40th formula", has household and other uses.

Kentucky Fried Chicken: The KFC Original Recipe is a secret mix of ingredients ("11 herbs and spices"), created by Colonel Harlan Sanders.



More famous trade secrets



U.S. trade secret laws

- **State trade secret law:**
 - The Uniform Trade Secrets Act forms the basis of state statutes
 - Adopted by all states except New York
- **Federal trade secret law:**
 - Economic Espionage Act
 - Two criminal offenses
 - One civil cause of action

Misappropriation

- acquisition, disclosure or use
- 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.

Improper means

- “A complete catalog of improper means is not possible In general, they are means which fall below the generally accepted standards of commercial morality and reasonable conduct.”

Examples of improper means

- Theft
- Misrepresentation
- Breach or inducement of a breach of duty to maintain secrecy; or
- Espionage through electronic or other means.

Theme: intentional misconduct, plus some degree of stealth, deception or trickery

Are any means permitted?

- Acquisition of a trade secret is not always a misappropriation. A competitor can arrive at the secret information by legitimate means.
- Examples of legal (proper) acquisition:
 - Discovery by independent invention
 - Reverse engineering where the product was obtained honestly

Maintaining secrecy

- The trade secret owner is responsible for taking “reasonable efforts” to maintain secrecy.
- What constitutes reasonable efforts will depend on the circumstances.
- The greater the economic value of the trade secret, the greater the expectations for reasonable efforts.

Reasonable efforts

- Common, but not only, steps:
 - Maintain good records of trade secrets
 - Limit access to employees who require the trade secrets to perform their jobs
 - Require relevant employees to sign a confidentiality agreement and renew yearly
 - Control physical and digital access

Coca-Cola vault



Most important of all ...

The trade secret owner wants to make sure its reasonable efforts actually protect its trade secrets, not just be legally sufficient.



DTSA (civil) seizure order

- Under “extraordinary circumstances”, a court may order an ex parte seizure order to “prevent the propagation or dissemination” of a misappropriated trade secret.
- This a serious measure, not to be granted lightly.

Protection of trade secrets during cases

- The trade secret owner cannot protect its rights if it must disclose the secret in open court.
- Courts can use tools that maintain the ongoing secrecy of the trade secret and still permit trial preparation and conduct. For example:
 - Protective orders
 - In camera reviews by the judge or magistrate
 - Closed courtrooms

The purpose of civil remedies

- Make the victim financially whole
- Require that the misappropriator disgorge profits
- In certain cases, punish the misappropriator financially
- Stop the illegal use of the trade secret
- Deter other potential misappropriators

Remedies in civil cases

- Money damages
 - Compensatory damages
 - Punitive damages
- Injunctions
 - Preliminary or permanent
 - Stops the misappropriator from using the trade secret
 - Royalty, in exceptional situations

Thank you

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Thank You



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