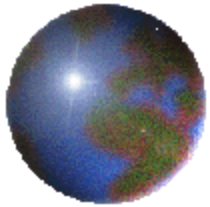


The Law of Trade Secrets

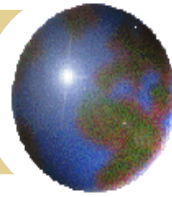
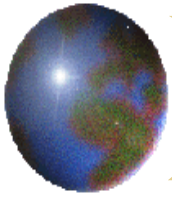
V.C.VIVEKANANDAN
MHRD IP CHAIR PROFESSOR
NATIONAL ACADEMY OF LEGAL STUDIES
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WWW.NALSARPRO.ORG
VIVEK@NALSARPRO.ORG



. TRADE SECRETS
FOR YOUR EYES ONLY-

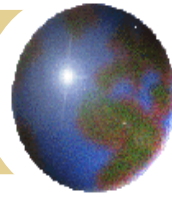
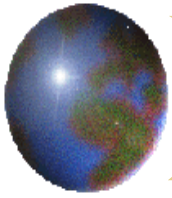


CONFIDENTIAL



What is a trade secret?

- **A TRADE SECRET MUST BE SOMETHING THAT IS**
 - **USED IN BUSINESS THAT GIVES THE OWNER A COMPETITIVE ADVANTAGE**
 - **GUARDED FROM DISCLOSURE**
 - **NOT COMMON KNOWLEDGE**



1. *A Trade Secret is information that gives a competitive advantage*

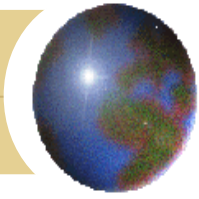
***(ANY FORMULA, PATTERN, DEVICE OR
COMPILATION OF INFORMATION.)***

THINGS LIKE:

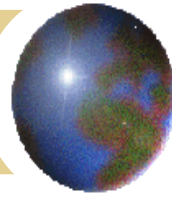
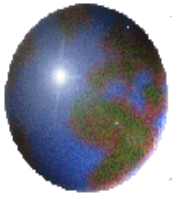
- **CUSTOMERS LISTS**
- **CLIENT INFORMATION**
- **FORMULAS**
- **BLUEPRINTS**
- **RECIPES**



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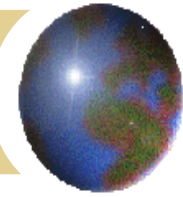
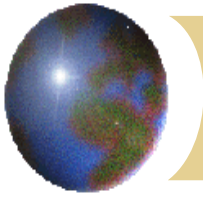


- **PROCESSES FOR MANUFACTURING, TREATING, OR PRESERVING MATERIALS**
- **METHODS FOR PRODUCTION OF GOODS**
- **METHODS OF OFFERING SERVICES**
- **PATTERNS FOR MACHINES OR DEVICES**
- **MARKETING PLANS AND STRATEGIES**
- **BIDDING SYSTEMS**
- **TECHNOLOGY/TRAINING/SERVICE MANUALS**



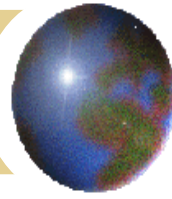
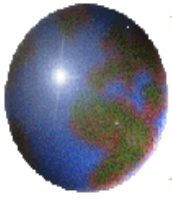
2. Trade secrets must be guarded from disclosure

- ❖ **BECAUSE THERE IS NO FORMAL METHOD OF PROTECTING A TRADE SECRET, TO BE CONSIDERED A TRADE SECRET, THE INFORMATION MUST BE TREATED AS A SECRET.**
- ❖ **IT IS ALWAYS THE BURDEN OF THE PERSON CLAIMING TRADE SECRET STATUS TO PROVE SECRECY.**



3. A Trade Secret must be information that is NOT common knowledge

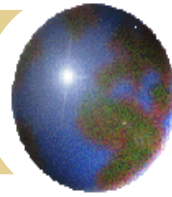
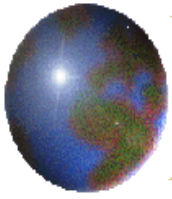
- ✚ **ADVERTISER LISTS**
- ✚ **“SALES PITCHES” USED TO SOLICIT CLIENTS**
- ✚ **GENERAL IDEAS**
- ✚ **COMPILATION OF PUBLIC DOMAIN INFORMATION**
- ✚ **CLIENT LISTS OR LEADS THAT COULD BE DISCOVERED BY INDEPENDENT MEANS OR ARE GENERALLY KNOWN IN THE INDUSTRY**



What steps can you take with employees to maintain secrecy?

- ✚ **KEY CONCEPT: ONLY
“RELATIVE” RATHER THAN
“ABSOLUTE” SECRECY IS
REQUIRED.**

- ✚ **BEFORE EMPLOYMENT**
- ✚ **DURING EMPLOYMENT**
- ✚ **AFTER EMPLOYMENT**

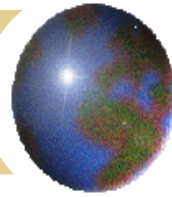
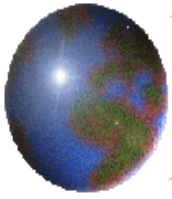


Before employment begins

1. CONDUCT BACKGROUND CHECKS

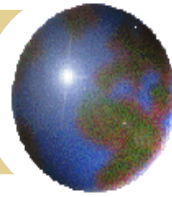
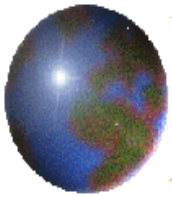
- ❑ EXCESSIVE JOB CHANGES**
- ❑ PREVIOUS EMPLOYERS**
- ❑ CRIMINAL HISTORY**
- ❑ CIVIL LAWSUITS**

2. EMPLOYMENT AGREEMENTS



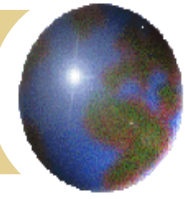
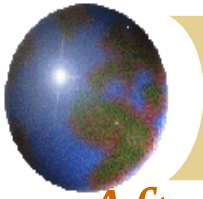
Employment Agreements

- ✚ **CONFIDENTIALITY**
- ✚ **ASSIGNMENT OF INVENTIONS AND WORKS OF AUTHORSHIP CREATED WHILE IN YOUR EMPLOY**
- ✚ **NONDISCLOSURE OF FORMER EMPLOYER'S TRADE SECRETS**



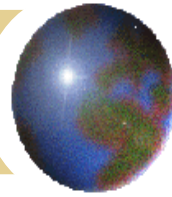
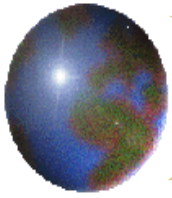
While Employed

- 1. PROVIDE A DESCRIPTION OF NATURE OF SECRET INFORMATION TO EMPLOYEES SO THEY' LL KNOW WHAT YOU CONSIDER CONFIDENTIAL**
- 2. REQUIRE A SIGNED ACKNOWLEDGEMENT OF RECEIPT AND FAMILIARITY WITH THE POLICY AND PROCEDURAL MANUAL**



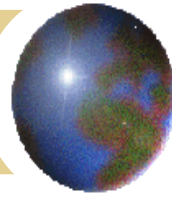
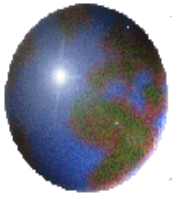
After Employment

- 1. CONDUCT EXIT INTERVIEWS WITH EMPLOYEES WHO LEAVE THE COMPANY**
- 2. REMIND THEM OF THEIR CONTRACTUAL OBLIGATION NOT TO DISCLOSE TRADE SECRETS**
- 3. REQUIRE THEY RETURN ALL DOCUMENTS CONTAINING COMPANY INFORMATION AND CONFIRM IN WRITING THAT NO COPIES HAVE BEEN MADE**



After Employment

- 4. TERMINATE COMPUTER ACCESS**
- 5. TERMINATE VOICE MAIL ACCESS**
- 6. HAVE EMPLOYEE SIGN AN
ACKNOWLEDGMENT OF
OBLIGATIONS**

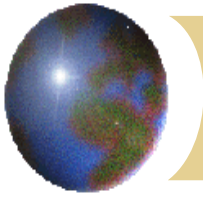


Information that is “Confidential”

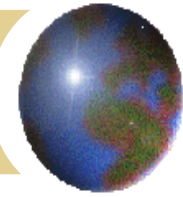
✚ DISTINCTION BETWEEN:

✚ EMPLOYEES’ APTITUDE, SKILL, DEXTERITY, MANUAL OR MENTAL ABILITY (REMAIN THE PROPERTY OF THE EMPLOYEE); AND

✚ TRADE SECRETS, NAMES OF CUSTOMERS, ETC (REMAIN THE PROPERTY OF THE EMPLOYER)

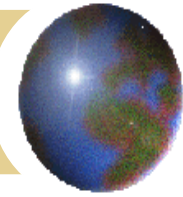
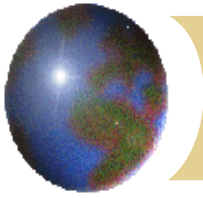


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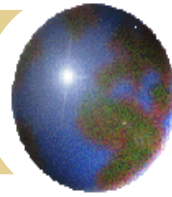
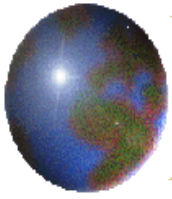
LETS PLAY THE JUDGE- CASE # 1

- ⊕ **FOREST LABORATORIES, INC. v. PILLSBURY CO.** United States Court of Appeals, Seventh Circuit, 1971. 452 F.2d 621, 171 USPQ 731
- ⊕ **FACTS OF THE CASE-**
- ⊕ **FOREST LABS HAD GIVEN A TRADE SECRET OF MAKING TABLETS TO TIDY HOUSE CORP TAKEN OVER BY PILLSBURY**
- ⊕ **FOREST ACCUSED PILLSBURY OF VIOLATING THE TRADE SECRET BY ACQUIRING ALONG WITH THE ASSETS OF TIDY HOUSE**
- ⊕ **IS THERE A TRADE SECRET VIOLATION**



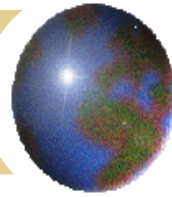
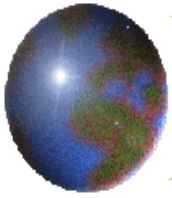
LETS PLAY THE JUDGE # CASE 2

- ✚ **E.I duPONT deNEMOURS & CO., INC. v. CHRISTOPHER**-United States Court of Appeals, Fifth Circuit, 1970.431 F.2d 1012, 166 USPQ 421, cert.denied 400 U.S 1024, 91 S.Ct.581, 27 L.Ed.2d 637(1971)
- ✚ **FACTS**
- ✚ **CHRISTOPHER AN AERIAL PHOTO SPECIALIST TOOK PHOTOS OF DU PONT PLANT**
- ✚ **DUPONT ACCUSED TRADE SECRET VIOLATION**
- ✚ **CHRISTOPHER CONTENDED THAT NO RULES WERE VIOLATED OF THE AIR SPACE WHICH IS PUBLIC AND HE HAS A LICENCE TO FLY FOR AERIAL PHOTOGRAPHY**



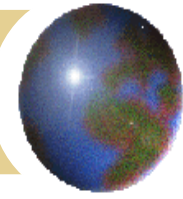
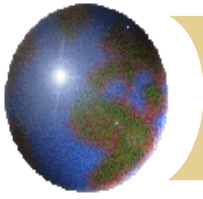
LETS PLAY THE JUDGE # CASE 3

- ✚ **EMERY INDUS., INC. V. COTTIER** United States District Court Ohio, 1978. 202 USPQ 829.
- ✚ **FACTS**
- ✚ **COTTIER WORKED FOR EMERY IN O3 TECHNOLOGY AND JOINED ANOTHER COMPETITOR**
- ✚ **EMERY PLEADED FOR RESTRAINT OF EMPLOYMENT AS IT INVOLVED TRADE SECRET**



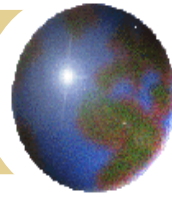
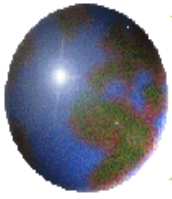
JUDGEMENT- FOREST LAB VS PILLSBURY

- ✚ **PILLSBURY IS NOT THE SUCCESSOR FOR TRADE SECRETS OF TIDY**
- ✚ **SHOULD HAVE NEGOTIATED SEPERATELY WITH FOREST**
- ✚ **TIDY CANNOT GIVE A TRADE SECRET IN USE**



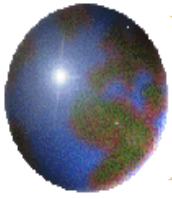
JUDGEMENT- DUPONT VS CHRISTOPHER

- ❖ **CHRISTOPHER' S ACTION IS BY IMPROPER MEANS**
- ❖ **SHOULD DISCLOSE THE CLIENT TO KNOW THE INTEREST IN THE TRADE SECRET**
- ❖ **DISTASTEFUL MEANS WILL ALSO BE A VIOLATION OF TS**

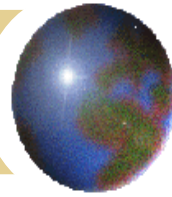


JUDGMENT- EMERY VS COTTIER

- ✚ THERE IS TRADE SECRET INVOLVED**
- ✚ CAN RESTRAINT COTTIER**
- ✚ EMERY TO PAY THE SALARY OF COTTIER FOR THE PERIOD OF RESTRAINT**

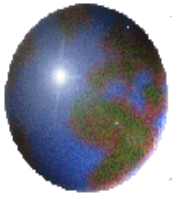


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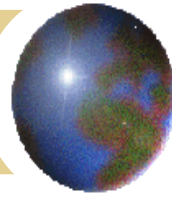


Conclusion:

 **ANY QUESTIONS?**



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Credits

Intellectual Property Group
Doerner, Saunders, Daniel and
Anderson, L.L.P.