



I'VE GOT A TRADE SECRET:

Protection of Trade Secrets and Trademark Due Diligence

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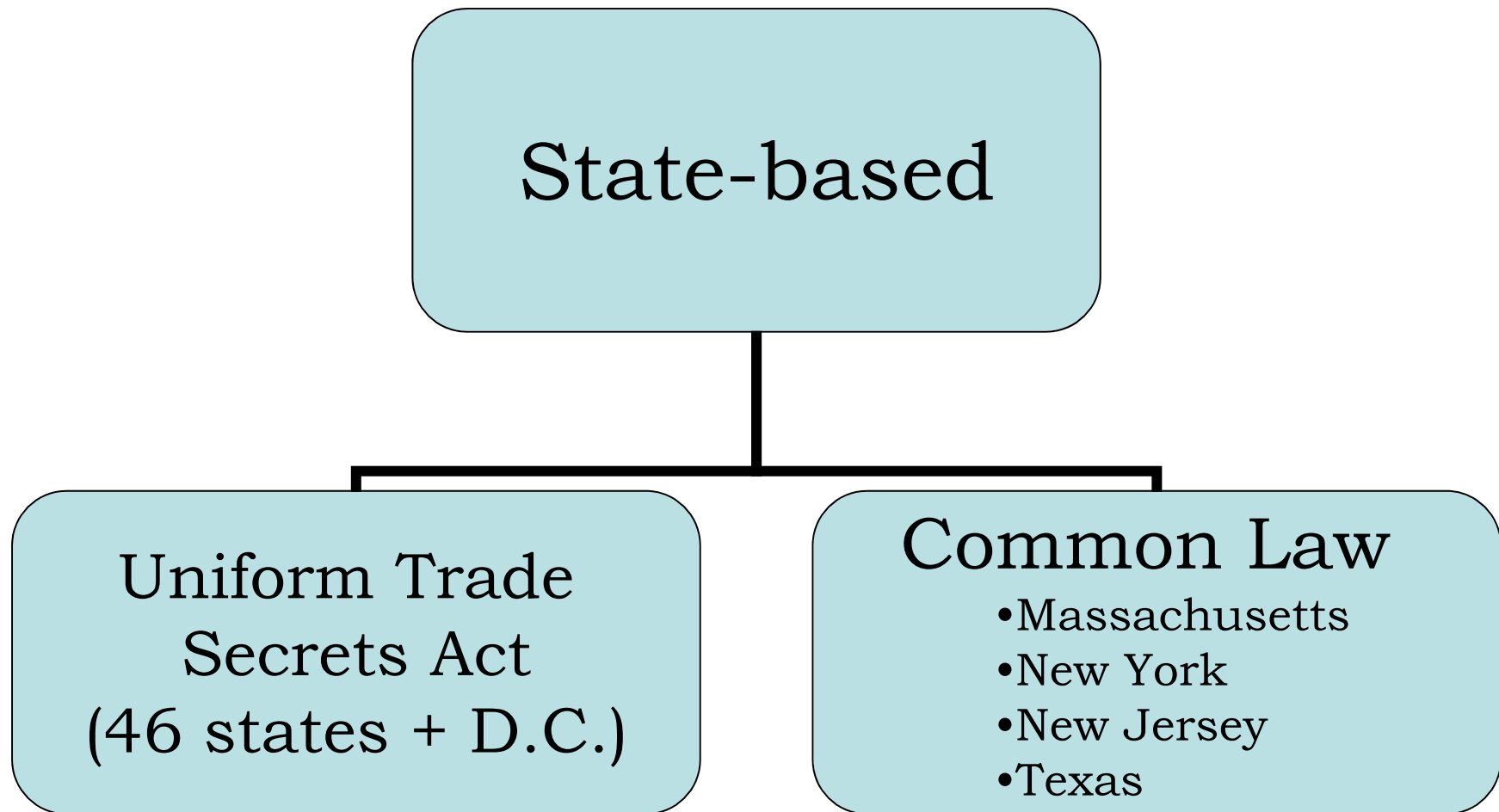
Trade Secrets

- “A trade secret is really just a piece of information (such as a customer list, or a method of production, or a secret formula for a soft drink) that the holder tries to keep secret by executing confidentiality agreements with employees and others and by hiding the information from outsiders by means of fences, safes, encryption, and other means of concealment, so that the only way the secret can be unmasked is by a breach of contract or a tort.”

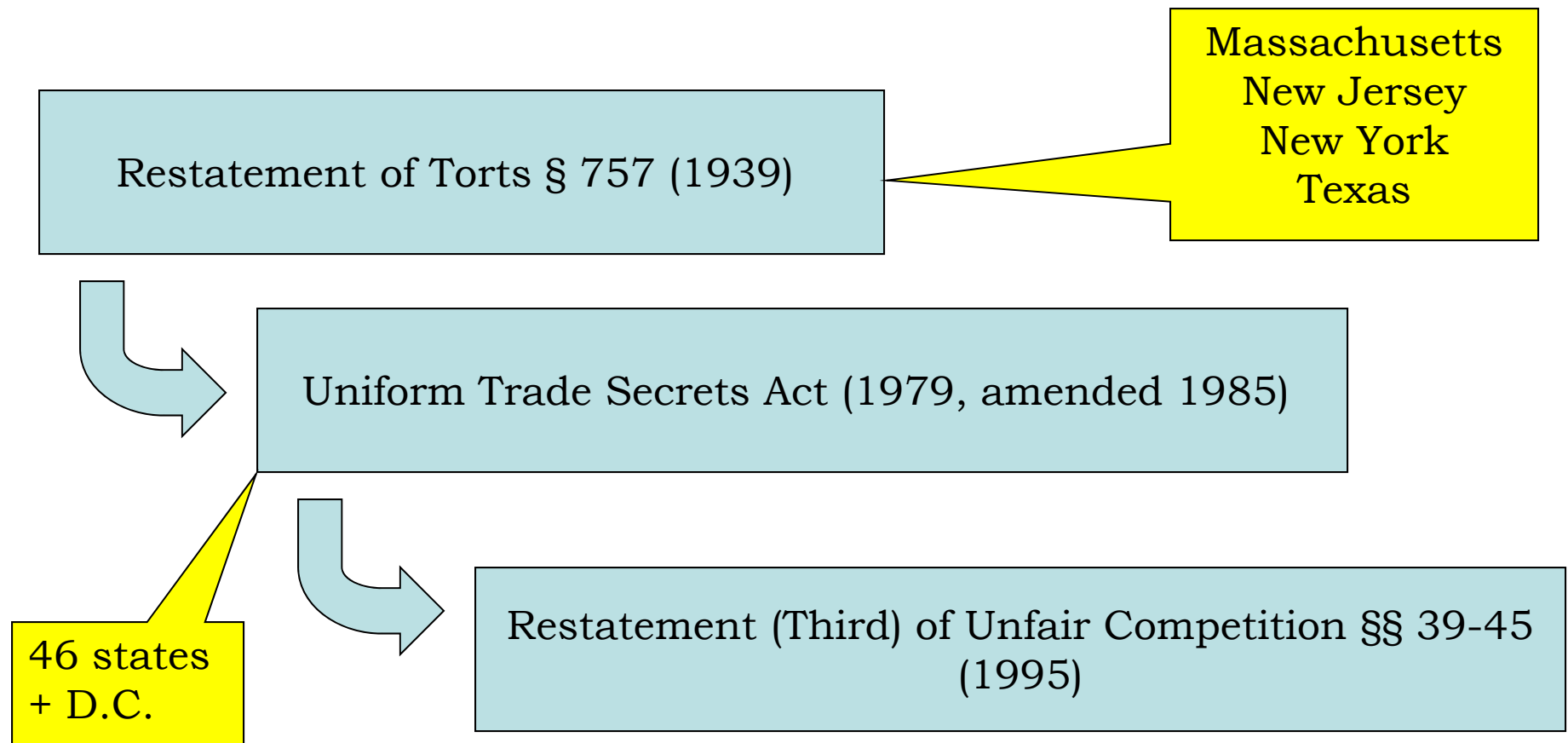
ConFold Pac., Inc. v. Polaris Indus., Inc., 433 F.3d 952, 960 (7th Cir. 2006).



Laws Protecting Trade Secrets



The UTSA & the Restatements



Liability Under the UTSA

1. the information at issue was a trade secret; and
2. the information was misappropriated.



Trade Secret Defined

- “A trade secret consists of a formula, process, device, or compilation ~~which one uses in his business and~~ which gives him an opportunity to obtain an advantage over competitors who do not know or use it.”

Restatement of Torts, §757

- “. . . information, including a formula, pattern, compilation, program, device, method, technique, or process that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from a disclosure or use, and (ii) is the subject of efforts that that are reasonable under the circumstances to maintain its secrecy.”

Uniform Trade Secrets Act (“UTSA”)



“Trade Secret”

Information that

1. is not generally known in industry;
2. the owner has made appropriate efforts to keep secret; and
3. confers a competitive advantage by being kept secret.



Information Capable of Trade Secret Protection

- Formulas
- Devices
- Software
- Know-how
- Compilations
- Designs
- Processes
- Customer Lists
- Pricing Information
- Negative Information



Six Factors Used By Courts to Determine Trade Secret Status

1. Extent known outside business;
2. Extent known inside business;
3. Measures taken to guard secrecy;
4. Value of the information;
5. Amount of effort/money expended in developing the information; and
6. Ease or difficulty with which the information could be properly acquired or duplicated by others.



Reverse Engineering

- “Reverse engineering of chemical . . . articles in the public domain often leads to significant advances in technology.”

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 160 (1989).



Secrecy

- “Courts are entitled . . . to economize on their scarce resources of time and effort by refusing to help a secret holder who failed to take minimum steps to protect his secret before running to court.”

BondPro Corp. v. Siemens Power Generation, Inc.,
463 F.3d 702, 708 (7th Cir. 2006).



Protecting Trade Secrets

- “[R]easonable efforts to maintain secrecy have been held to include advising employees of the existence of a trade secret, limiting access to a trade secret on ‘need to know basis’, and controlling plant access.”

UTSA cmt. §1



How Does the Company Protect its Trade Secrets?

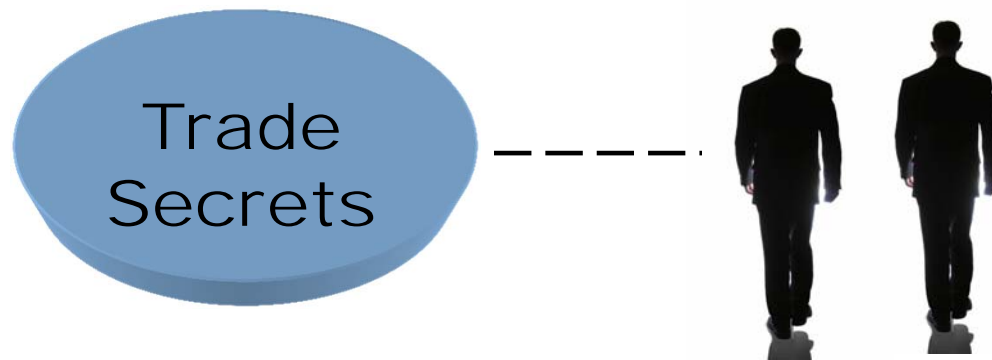
- “Based on the lack of repeated losses of confidential information regarding the [process] and [the plaintiff’s] use of physical security, limited access to confidential information, employee training, document control, and oral and written understandings of confidentiality, the Court concludes that [the plaintiff] subjected the [process] to efforts that are reasonable under the circumstances to maintain its secrecy.”

Wyeth v. Natural Biologics, Inc., 395 F.3d 897, 900 (8th Cir. 2005) (process for producing bulk natural conjugated estrogens used in the development of Premarin)

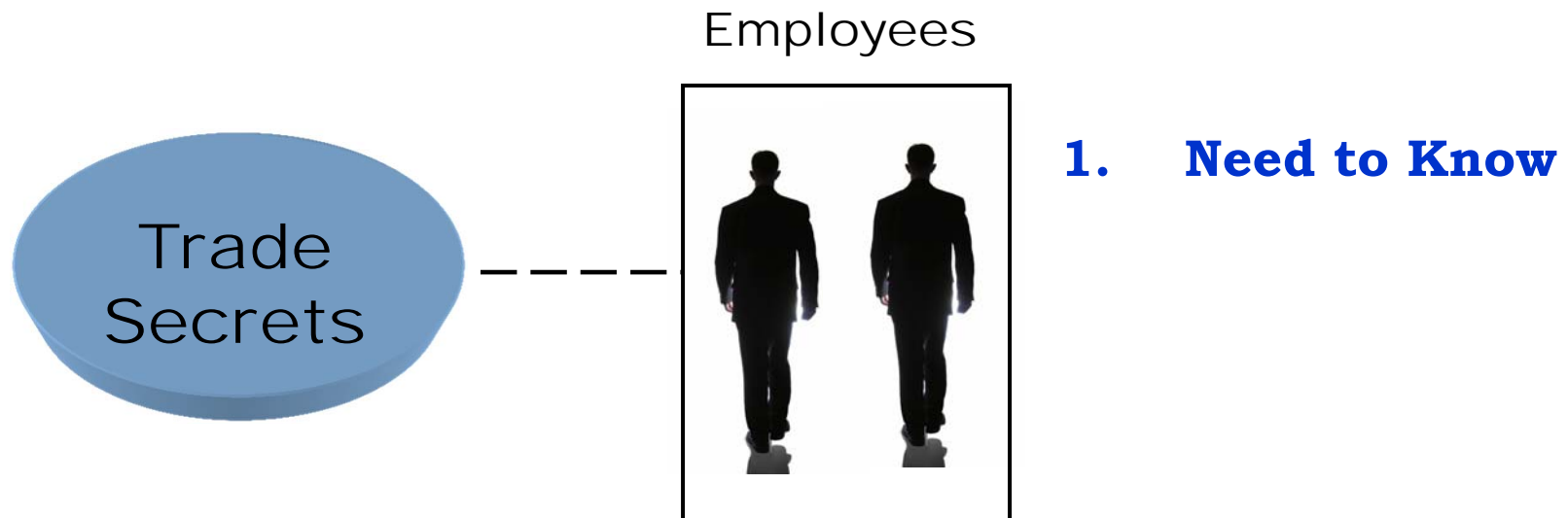


Protecting Trade Secrets

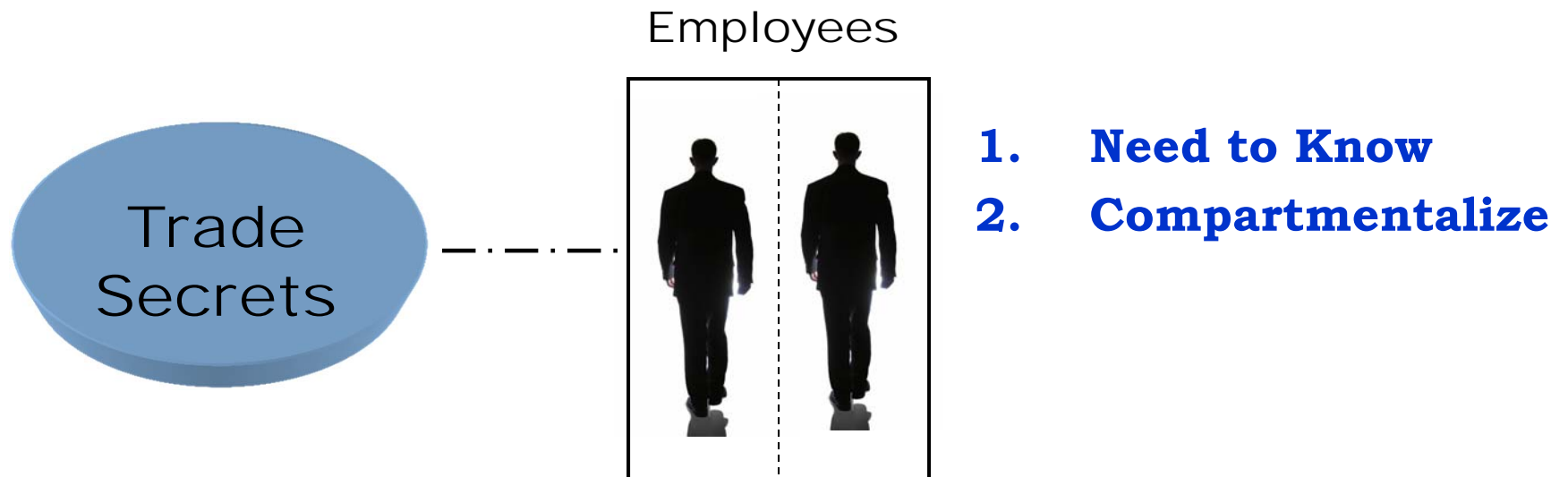
Employees



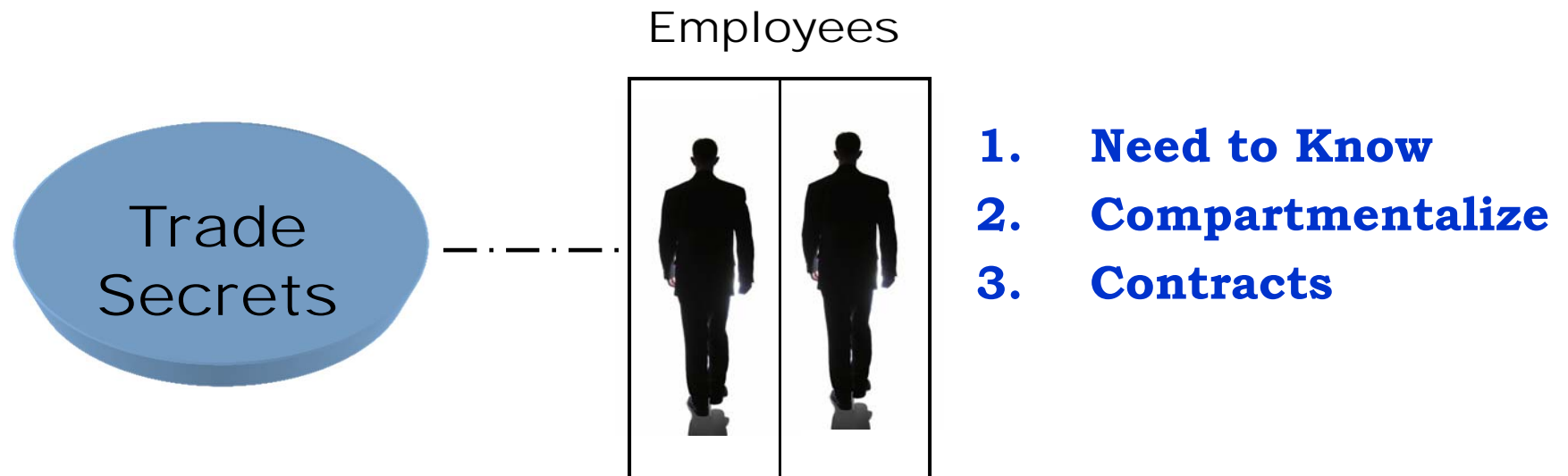
Protecting Trade Secrets



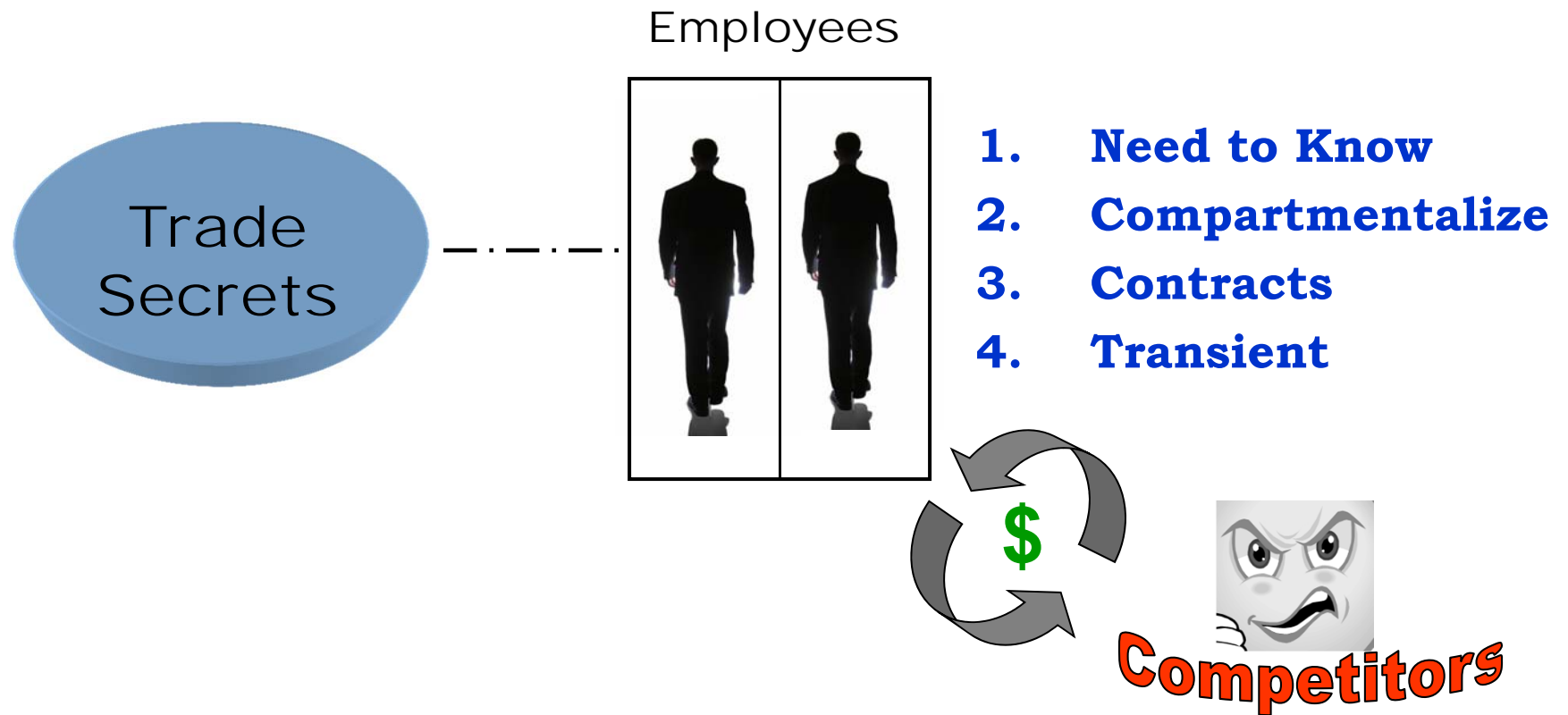
Protecting Trade Secrets



Protecting Trade Secrets

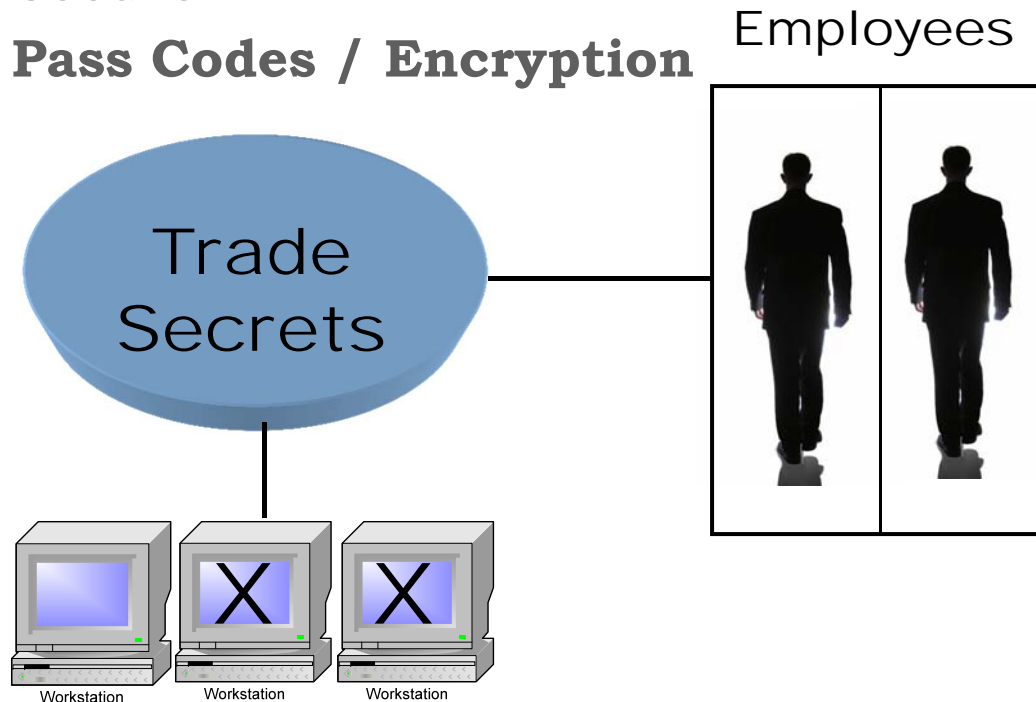


Protecting Trade Secrets



Protecting Trade Secrets

1. **Limited Access**
2. **Secure**
3. **Pass Codes / Encryption**



1. **Need to Know**
2. **Compartmentalize**
3. **Contracts**
4. **Transient?**



Protection Measures

- Internal Policies
- Education & training
- Monitoring compliance
- Physical security
- Isolation of the trade secrets
- Limit Access (employee mobility/turnover?)
- Agreements
- Quality and character of licensees, industry
- Immediate legal action



Resources on Trade Secrets Laws & Opinions

- The Trade Secrets Vault
<http://www.tradesecretsblog.info/>
- Jorda On Trade Secrets – The Interface Between Patents & Trade Secrets: <http://jordasecrets.com/>
- Citizen Media Law Project – Trade Secrets:
<http://www.citmedialaw.org/legal-guide/trade-secrets>
- Full-text state statutes and legislation on the Internet:
<http://www.prairienet.org/~scruffy/f.htm>



Trademark Due Diligence

- Quick self-search:
<http://www.uspto.gov/main/trademarks.htm>
- Investigate TTAB proceedings:
<http://ttabvue.uspto.gov/ttabvue/>
- Independent trademark search: e.g., <http://www.compumark.thomson.com/>



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- ☐ **RISS: Regional Identical Screening Search**
RISS Provides Coverage across [7 Regions](#)
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Create your own RISS of up to 10 selected Countries/Registers
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KISS Provides Coverage for One or More from [over 200 Countries/Registers](#)

Disclaimer: The Identical Screening Search database includes first complete publications of trademarks filed since 1976 (since 1986 in China). Renewals or indications about the subsequent fate of the applications retrieved, such as registrations, rejections, withdrawals, amendments and partial cancellations, are not included.

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<http://whois.domaintools.com/shopbop.com>

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Criteria

Int

Back

Domain Name: SHOPBOP.COM

Administrative Contact:
Davey, Keith
BOP, LLC.
ATTN: SHOPBOP.COM
c/o Network Solutions
P.O. Box 447
Herndon, VA 20172-0447
570-708-8780
bs@xc6b66pf@networksolutionsprivateregistration.com

Technical Contact:
DeFrank, James
nf3y72pr5gp@networksolutionsprivateregistration.com

Mentora Group, Inc.
ATTN: SHOPBOP.COM
c/o Network Solutions
P.O. Box 447
Herndon, VA 20172-0447
570-708-8780

Record expires on 29-Jun-2008.
Record created on 29-Jun-1999.

Domain servers in listed order:

NS3.MENTORA.BIZ 199.107.68.158
NS4.MENTORA.BIZ 199.107.68.157
NS5.MENTORA.BIZ 63.150.152.165

☒ [Future-Dance-Pro.com](#) 02-26-2007
☐ [AZDanceParty.com](#) 02-26-2007
☐ [DanceDragons.com](#) 02-26-2007

Compare Similar Domains

Domain	Creation
Shopbop.com	1999-06-29
Shopbooth.com	2003-02-22
Shopbootlegs.com	2003-08-14
Shopboots.com	2004-05-11
Shopbootle.com	2004-09-20
Shopbooths.com	2005-03-04
Shopboplookbook.com	2005-03-11
Shopbootleg.com	2005-11-02
Shopbootsonline.com	2005-12-05
Shopbop-amazon.com	2006-02-28
Shopbopamazon.com	2006-02-28
Shopbopeeps.com	2006-03-28
Shopbopb.com	2006-06-27
Shopbopinc.com	2006-07-07
Shopbootyblues.com	2006-09-02
Shopbootie.com	2006-09-25
Shopbopc.com	2006-09-29
Shopbooze.com	2006-10-24
Shopbopcom.com	2006-12-23

Done



Trademarks: Identifying potential competitors, infringers, and counterfeiters with similar trademarks

- Internet searches
- Register appropriate domain names
- Register marks with U.S. Customs



How has the Target Company Monetized its Trademarks?

- Collateralization of Trademarks;
- Securitization of trademarks (securitization loans based on licensing revenues)

