MANAGING TRADE SECRETS
WHEN YOU KNOW PATENTS

JAMES POOLEY
2018 FICPI WORLD CONGRESS
JUNE 6, 2018
HOW LAWYERS SEE TRADE SECRETS

"REAL" IP

PATENTS

COPYRIGHT
TRADEMARK

TRADE SECRETS
TORT?
LABOR?
CONTRACT?
UNFAIR COMP?

DEPARTING EMPLOYEES
NON-COMPETES
HOW CLIENTS SEE TRADE SECRETS

ASSETS:
- Big Data/ IoT
- Market/ Customer Data
- Strategy for $$
- Partners
- Licensing
- Acquisitions
- Competitive Advantage
- Competitive Intelligence
- IP
- R&D

LIABILITIES:
- Lawsuits
- Government
- Cyber Threats
- Employees
- Foreign Ops
- Governance
- Compliance
- Risk Management
- NDAs
- IT
**TS VS. PATENTS: THE CLASSICAL VIEW**

*Kewanee*: TS are weak; if you can, you’ll patent it.

The usual factors

- Risk of reverse engineering
- Period of commercial exploitation
- Suitability for licensing
- Difficulty of design-around
- Critical need to use the invention
- Procurement and maintenance costs
- Patent as leverage or message
BUT PATENT RIGHTS FEEL DIMINISHED

Judicial opinions on procurement

*KSR*: obviousness
*Bilski*: business methods
*Mayo*: diagnosis
*Nautilus*: definiteness
*Akamai*: divided infringement
*Alice*: software
PATENT RIGHTS FEEL MORE DIMINISHED

Judicial opinions on enforcement

*eBay*: injunctions

*Sandisk*: declaratory relief

*Laser Dynamics*: damaged

*Octane Fitness*: fee shifting

And then there’s the AIA:

PGR and IPR => uncertainty of title

Will the pendulum swing back?
MEANWHILE, TRADE SECRETS ARE ASCENDANT

2012 NSF/Census: TS important >2X patents
Defend Trade Secrets Act of 2016
EU Trade Secrets Directive
Bilateral and regional trade agreements
*TianRui*, 661 F.3d 1322 (Fed. Cir. 2011)

Moore dissent: TS reduces patent disclosure
Note: DTSA extraterritoriality not resolved
AIA ALSO REDUCES TS ANXIETY AND RISK

Best mode is virtually dead
  But residual anxiety for prosecutors?
Secret prior art is likely dead
Prior user anxiety mostly gone

So . . . reconsider the cost/benefit analysis
The question is not binary, and it’s not static
TS are mostly supplemental and complementary
Patents remain valuable and often critical
  Not just protection but also signaling
  And remember *Kewanee*: TS are weak and risky
Strategy level: rethinking the calculus and balance
  Buy time with provisional, maybe U.S. only
  Accelerate examination
Tactical: watch NDA partners for leaks, derivative claims
IN THE MEANTIME . . .

TS are about Risk Management

• **People**: recruiting, training, termination
• **Process**: policies, access controls, endpoint controls
• **Management**: NDAs, supply chain, litigation avoidance

“But how could me speaking at the Secret New Products Seminar break our Confidentiality Agreement?”
Thank you!

JAMES POOLEY
www.pooley.com
+1 650 285 8520