

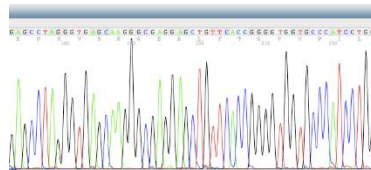
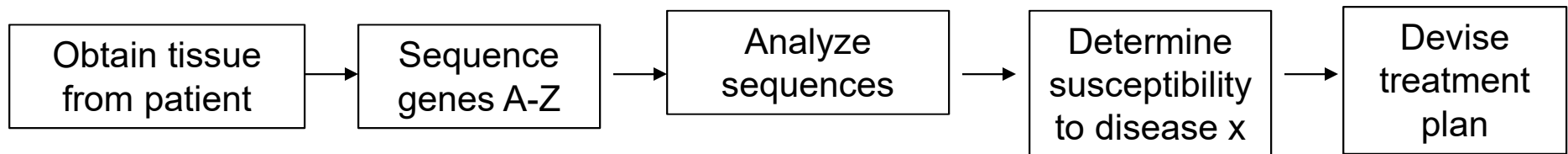
Protecting Trade Secrets in a Publish or Perish Environment



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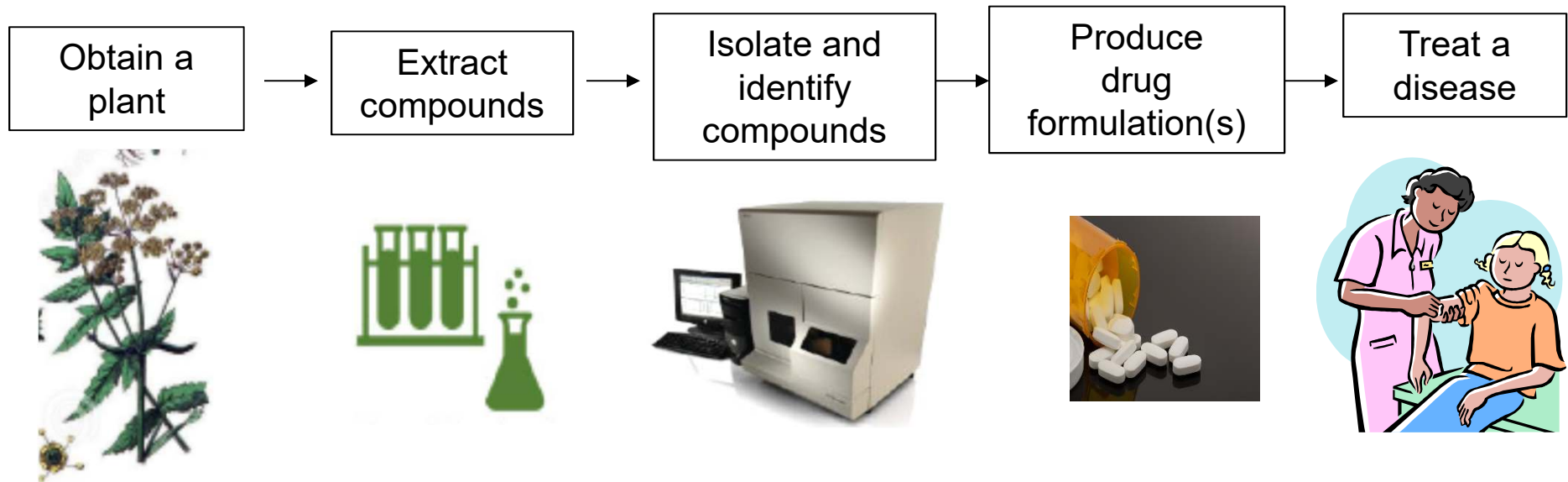
University-derived Inventions are Complex

Process for determining susceptibility to disease x



University-derived Inventions are Complex

Purification of compounds and use in disease treatment



University-derived Inventions are Complex

- Different research goals and tasks
- Multiple steps
- Involvement of different personnel at different times
- Frequent public disclosure of numerous aspects of inventions
 - E.g., journal articles, posters, abstracts, conferences
- IP protection guidelines usually focus on patent protection
 - E.g., no public disclosure until a patent application is filed
- Trade secret protection is often overlooked

Trade Secrets Require Secrecy

- Trade secrets are confidential information with commercial value
 - Trade secrets include information that “derives independent economic value, actual or potential, from ***not being generally known*** to, and ***not being readily ascertainable through proper means*** by, another person...” 18 U.S.C § 1839 (3)(B)
 - Trade secrets can include “all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes” 18 U.S.C § 1839 (3)

Trade Secrets are Enforceable

- Both civil and criminal penalties are available for the misappropriation and theft of trade secrets
 - E.g., a trade secret owner can sue in federal court when its trade secrets have been misappropriated through “*improper means*” 18 U.S.C § 1839 (6)(A)
 - Such “improper means” include “theft, bribery, misrepresentation, ...breach of a duty to maintain secrecy, or espionage”
 - Such improper means **does not include:**
 - independent development; or
 - reverse engineering.

Trade Secrets require Reasonable Measures

- Trade secrets can have an indefinite life, so long as they are kept secret and confidential
- Trade secret protection requires the owner of the trade secret to take “***reasonable measures*** to keep such information secret.”
18 U.S.C § 1839 (3)(A)
 - E.g., written agreements, procedures, and policies that go beyond standard business practices
 - **Importance**: courts render trade secrets as unenforceable if they determine that “reasonable measures” were not taken to maintain their secrecy
 - Even slight lapses or inconsistencies in the implementation of such “reasonable measures” can render trade secrets as unenforceable

Trade Secrets require Reasonable Measures

AutoTrakk, LLC v. Auto. Leasing Specialists, Inc.
U.S. Dist. LEXIS 19089 (M.D. Pa. February 6, 2018)

- The Court dismissed a company's trade secret misappropriation claims
- Basis: No reasonable measures were taken to protect the secrecy of the trade secrets
 - The trade secrets were publicly available through the company's website
 - The trade secrets were disclosed in the company's patents

Trade Secrets require Reasonable Measures

Yellowfin Yachts, Inc. v. Barker Boatworks, LLC
(898 F.3d 1279, 1299-1301 (11th Cir. 2018))

- The Court held that a former employer did not take reasonable measures to protect the confidentiality of customer information to warrant trade secret protection
- Basis: Despite limiting employee access to the information and password-protecting the relevant network, other facts undermined such efforts
 - E.g., encouraging the employee to keep trade secrets on personal cell phones and laptops;
 - E.g., employee's refusal to sign a confidentiality agreement;
 - E.g., failure to mark the customer information as confidential; and
 - E.g., failure to instruct the employee to secure the information on personal devices.

Trade Secrets require Reasonable Measures

Examples of “reasonable measures” for maintaining secrecy

Employee Agreements and Institutional Policies

- Execution of employee confidentiality agreements
- Disclosure and assignment of trade secrets created by employees to the institution
- Develop, maintain and circulate an institutional policy regarding trade secrets
- Periodically remind employees of the policies and procedures in place

Trade Secrets require Reasonable Measures

Examples of “reasonable measures” for maintaining secrecy

Limit Internal Access to Trade Secrets

- Limit access to trade secrets to only those employees who need to know the trade secrets
- Maintain detailed records of who has access to trade secrets and when they have access to such information
- Keep a document control log to maintain a history of who has accessed the trade secrets
- Prohibit unsupervised access of non-employees to non-public areas of an institution

Trade Secrets require Reasonable Measures

Examples of “reasonable measures” for maintaining secrecy

Limit External Access to Trade Secrets

- Physically lock the areas in the institution where the trade secrets (or documents containing them) would reside
- Visibly label areas of the workplace which contain trade secrets with signs or labels indicating the same
- Require third parties (e.g., vendors, customers, or contractors) to execute confidentiality agreements before they receive or are given access to trade secrets
- Have systems in place to retain control over documents that contain trade secrets

Trade Secrets require Reasonable Measures

Examples of “reasonable measures” for maintaining secrecy

Control Documents that Contain Trade Secrets

- Limit the number of copies of documents containing trade secrets and prohibit further copying of those documents
- Label or stamp documents that contain trade secrets with words such as “confidential” or “trade secret”
- Use passwords on computers that contain trade secrets
- Limit remote access to trade secrets stored in computer files
- Maintain firewalls between the internet and computer systems that contain trade secrets

Trade Secrets require Reasonable Measures

Examples of “reasonable measures” for maintaining secrecy

Monitor Departing Employees and Improper Use

- Conduct exit interviews with departing employees and provide a means by which the employee may return any trade secrets that the employee holds
- Remind departing employees of their obligations not to use or disclose the institution’s trade secrets
- If trade secrets have been used without authorization, take steps to prevent their further unauthorized use as soon as possible

Reasonable Measures are applicable to the China Initiative

- 18 U.S.C. § § 1831 and 1832 of the Defend Trade Secrets Act (DTSA) deal with Economic Espionage and Theft of Trade Secrets, respectively. Each of these statutes has been used by the Department of Justice (DOJ) to implement its China Initiative
- The China Initiative was launched in November 2018 against the background of previous findings by the Administration concerning the Chinese government's alleged practices, which included its outbound investment policies and sponsorship of unauthorized computer intrusions
- More than a dozen criminal prosecutions are pending in federal courts around the country, several involving university faculty members
- Implementation of reasonable measures for protecting trade secrets could also help prevent universities and faculty members from facing criminal prosecution under the China Initiative

University-derived Inventions can be Protected in Different Manners



Copyrights

- Protects original works of authorship
- Requires tangible medium of expression
- Usually expires 70 years from author's life
- Expedited and cost effective registration process
- Excludes others from copying, modifying, distributing, performing, or displaying the work

-E.g., brochures, manuals, and/or software



Trademarks

- Protects sources of goods and services
- Requires use in commerce in a distinctive manner
- Term indefinite term so long as used in commerce
- Prolonged and costly registration process
- Excludes others from using the mark in relation to the products or services for which it is registered

-E.g., business names, phrases and/or logos



Trade Secrets

- Protects confidential information with commercial value
- Requires secrecy
- Term indefinite so long as secrecy is maintained
- Protection occurs through maintenance of secrecy
- Excludes others from "improper use" of trade secrets. Does not protect against independent development or reverse engineering

-E.g., inventions not subject to reverse engineering or disclosure



Patents

- Protects inventions, plants and designs
- Requires full disclosure in a patent application
- Usually expires 20 years from filing date
- Prolonged and costly patent prosecution process
- Excludes others from making, using, selling or importing the invention, regardless of how others developed or acquired the invention

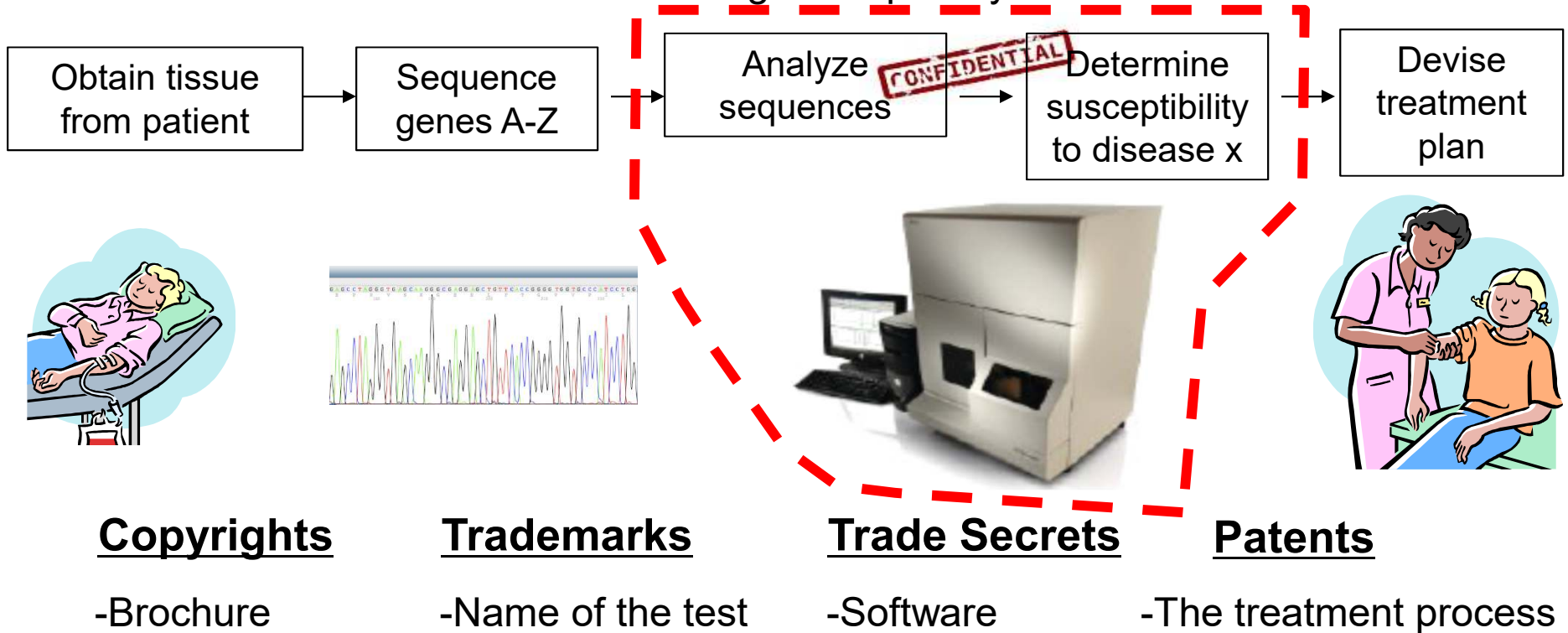
-E.g., inventions subject to reverse engineering or disclosure

All can be used to monetize, license, and enforce IP rights

University-derived Inventions can be Protected in Different Manners

Multiple Mechanisms of Protection

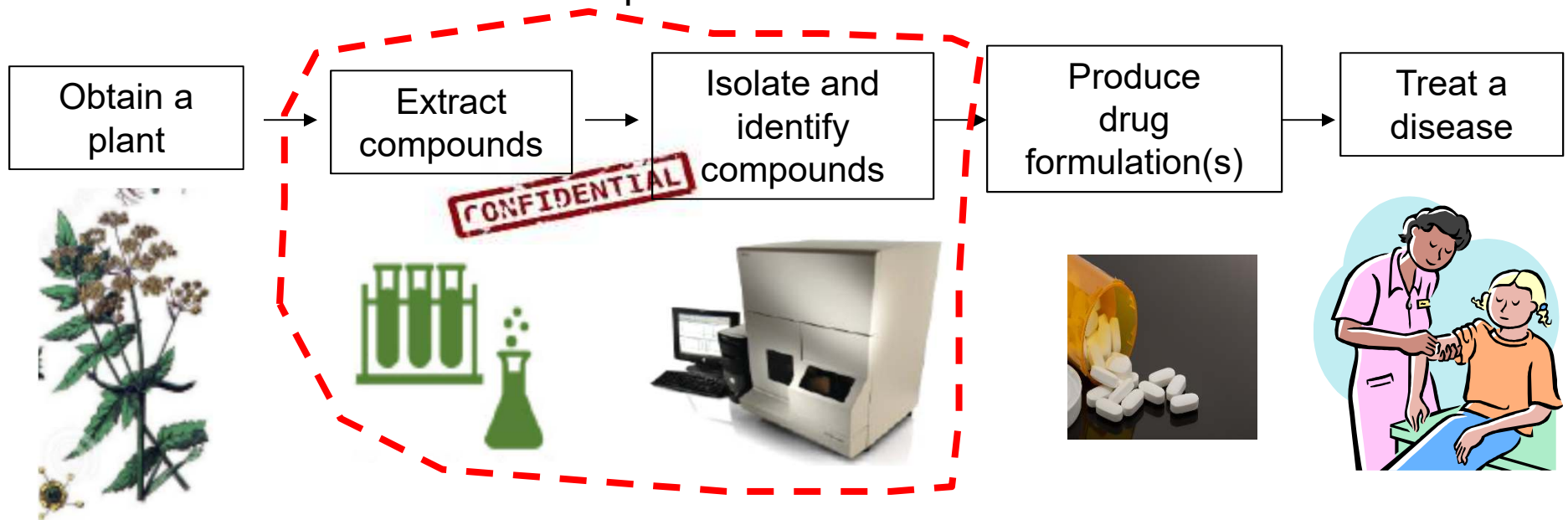
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University-derived Inventions can be Protected in Different Manners

Multiple Mechanisms of Protection

Purification of compounds and use in disease treatment



Copyrights

-Drug administration manual(s)

Trademarks

-Name(s) of the drug(s)

Trade Secrets

-Extraction process
-Identification process

Patents

-Drug formulation(s)
-Treatment process

Guidelines



Copyrights



Trademarks



Trade Secrets



Patents

- Devise an IP protection strategy as early as possible
- Maintain thorough records of research and development activities
- Avoid public disclosure or sale of inventions until a strategy is devised
- Itemize and identify trade secrets
 - Inform the institution's technology transfer office of the existence of the trade secrets
- Implement "reasonable measures" to maintain the secrecy of the trade secrets
 - E.g., execute employee confidentiality agreements
 - E.g., conduct employee exit interviews
 - E.g., refrain from publishing the trade secrets
 - E.g., safeguard the disclosure of trade secrets in patent applications
 - E.g., safeguard the disclosure of trade secrets in grant applications
 - E.g., limit access to the trade secrets

Questions???



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