- Brief description of drawing
- Detailed description of the invention
- Claims

Patent Prosecution Flowchart

- Patents are items of personal property and thus may be owned, sold, licensed, or devised by will
- Applications for patent must be filed by the actual inventor of the article, process, design, or plant
- If there is more than one inventor, the application must be signed by all inventors
- In many instance, employees are required to sign agreements with their employers whereby they agree that any invention or discovery invented by them while on the job will belong to the employer and that they will agree to assist and cooperate in any manner, including signing applications for patents, to ensure the employer's rights are protected
- Although the oath in the patent application is signed by the individual inventor, when the application is filed, a simultaneous assignment is also filed identifying the employer as the "true" owner of the application and the invention

Ownership transfer

As objects of intellectual property or intangible assets, **patents** andpatent applications may be **transferred**

A transfer of patent or patent application can be the result of a financial transaction, such as an assignment, a merger, a takeover or a

demerger, or the result of an operation of law, such as in an inheritance process, or in a bankruptcy

The rationale behind the transferability of patents and patent applications is that it enables inventors to sell their rights and to let other people manage these intellectual property assets both on the valuation and enforcement fronts As The Economist put it,

"*Patents are transferable assets, and by the early 20th century they had made it possible to separate the person who makes an invention from the one who commercialisesit This recognised the fact that someone who is good at coming up with ideas is not necessarily the best person to bring those ideas to market*"

UNIT-4

TRADE SECRETS LAW

INTRODUCTION:

- The type of information that must be kept confidential in order to retain its competitive advantage is generally called a "Trade Secret"

- A trade secret is any information that can be used in the operation of a business or other enterprise that is sufficiently valuable and secret to afford an actual or potential economic advantage over others

- Restatement (Third) of Unfair Competition § 39 (1995)

- A recipe, a formula, a method of conducting business, a customer list, a price list, marketing plans, financial projection, and a list of targets for a potential acquisition can all constitute trade secrets

- Generally, to qualify for trade secret protection, information must
- be valuable; not be publicly known; and be the subject of reasonable efforts to maintain its secrecy

- The rapid pace of technology advances the ease with which information can now be rapidly disseminated and the mobility of employees require businesses to devote significant effort to protecting their trade secrets

- If trade secrets were not legally protectable, companies would have no incentive for investing time money and effort in research and development that ultimately benefits the public at large

- Trade secrets law not only provides an incentive for companies to develop new methods and processes of doing business but also, by punishing wrongdoers, discourages improper conduct in the business environment

The Law Governing Trade Secrets:

- Trademarks, copyrights, and patents are all subject to extensive federal statutory schemes for their protection, there is no federal law relating to trade secrets, and no registration is required to obtain trade secret protection

- Most trade secret law arises from common law principles, namely, judge-made case law

- The first reported trade secret case in the United States was decided in 1837 and involved manufacturing methods for making chocolate

- In 1939, the Restatement of Torts (a wrongful act or an infringement of a right) adopted a definition of a trade secret, and many states relied on that in developing their body of case law, leading to greater consistency in the development of trade secrets law

- Additionally 1979, the National Conference of Commissioners on Uniform State laws drafted the uniform Trade Secrets Act (UTSA) to promote uniformity among the states with regard to trade secrets law

- The UTSA was amended in 1985

The following definition of trade secret has been adopted by the UTSA:

Trade secret means information, including a formula, pattern, compilation, program, device, method, technique or process that:

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 its disclosure or use, and is the subject of efforts that are reasonable under the circumstance to maintain its secrecy

DETERMINATION OF TRADE SECRET STATUS:

Restatement of Torts (a wrongful act or an infringement of a right) §757 cmtb lists six factors to be considered in determining whether information qualifies as a trade secret Courts routinely examine these factors to determine whether a company's information constitutes a trade secret

The extent to which the information is known outside the company:

Although information may be known to other outside the company and still qualify as a trade secret, the greater the number of people who know the information, the less likely it is to qualify as a trade secret

Secrecy need not be absolute

The extent to which the information is known within the company:

Although an employer or company is permitted to disclose confidential information to those with a demonstrated "need to know" the information

If the information is widely known within the company, especially among those who have no business need to know the information, it may not qualify as a trade secret

The extent of the measures taken by the company to maintain the secrecy of the information:

- One claiming trade secret protection must take reasonable precautions to protect the information
- Courts are unlikely to protect information a company has not bothered to protect
- A company is not obligated to undertake extreme efforts to protect information, but reasonable precautions are required
- Some experts predict that courts will likely require advanced security measures to protect trade secrets transmitted via e-mail, including encryption and protocols to ensure confidentiality

The extent of the value of the information to the company and its competitors:

If information has little value either to its owner or to the owner's competitors, it is less likely to qualify as a trade secret

Conversely, information that is valuable to a company, such as the recipe for its key menu product, and that would be of great value to the company's competitors is more likely to be protectable trade secret

The extent of the expenditure of time, effort, and money by the company in developing the information:

The greater the amount of time, effort, and money the company has expended in developing or acquiring the information, the more likely it is to be held to be a protectable trade secret.

The extent of the ease or difficult with which the information could be acquired or duplicated by other:

If information is easy to acquire or duplicate, it is less likely to qualify a trade secret

Similarly if the information is readily ascertainable from observation or can be easily reproduced, it is less likely to be a trade secret

On the other hand, if it can be reverse engineered only with significant expenditures of time, effort, and money, the product may retain its status as a trade secret

LIABILITY FOR MISAPPROPRIATION OF TRADE SECRETS:

Misappropriation of a trade secret occurs when a person possesses, discloses, or uses a trade secret owned by another without express or implied consent and when the person used improper means to gain knowledge of the trade secret.

knew or should have known that the trade secret was acquired by improper means; or

Knew or should have known that the trade secret was acquired under circumstances giving rise to a duty to maintain its secrecy

The term *improper* means includes bribery, theft, and misrepresentation, breach of duty to maintain secrecy, or espionage (the practice of spying or of using spies, typically by governments to obtain political and military information) or other means

Thus, misappropriation occurs either when a trade secret is lawfully acquired but then improperly used or when the trade secret is acquired by improper means

Absence of Written Agreement:

A written agreement prohibiting misappropriation of trade secrets can be enforced through an action for breach of contract; a company's trade secrets can be protected against misappropriation even in the absence of any written agreement between the parties

A party owning trade secrets can bring an action in tort for breach of the duty of confidentiality, which duty can arise even without an express agreement

Courts will impose a duty of confidentiality when parties stand in a special relationship with each other, such as an agent-principal relationship (which includes employer- employee relationship) or other fiduciary (involving trust, especially with regard to the relationship between a trustee and a beneficiary) or good faith relationship

Courts have consistently held that employees owe a duty of loyality, fidelity, and responsibility to their employers

In fact, more trade secret cases are brought in tort for breach of confidentiality than in contract for breach of written agreements

For example: If XYZ company is attempting to make a sale to Jones and informs Jones that the XYZ product is superior to that of competitors because it involves a new breakthrough in technology and explains the trade secret, courts would likely find that Jones is subject to a duty not to disclose the information.

Similarly, if XYZ co, explains its trade secrets to its bankers in an attempt to obtain financing, the bankers would likely be precluded from disclosing or using the information Such implied contracts to protect the information generally arise when the parties' conduct indicates they intended the information to be kept confidential or impliedly agreed to keep it confidential.

Misappropriation by Third Party:

A number of other parties may also have liability for misappropriation of trade secrets if they knew or should have known they were the recipients of protected information

For example:

1. Assume Lee is employed by XYZ co, In course of time MrLee learns valuable trade secret information If MrLee resigns jobs and begins working for new company and it prohibited for both in using the information.

   He may not misappropriate the information because he was in an employee-employer relationship with XYZ company New company should not use the information if Mr Lee reveals, if it happen so, then XYZ Company would generally prefer to sue New Company inasmuch as it is far likelier to have deep pockets, meaning it is more able to pay money damages than is an individual such as Lee.

2. If New Company has no reason to know the information was secret or that Mr Lee may not reveal it, New Company would not have liability for such innocent use of the information Similarly, if trade secret information were innocently obtained by New Company by mistake, New Company would have no liability for subsequent use or disclosure of the information.

Written Agreement:

Employers are generally free to require employee, independent contractors, and consultants to sign express agreements relating to the confidentiality of information These agreements are usually enforced by courts as long as they are reasonable The agreements usually include four specific topics:

- Ownership of Inventions

- Non-disclosure Provisions

- Non-solicitation Provisions
- Non-competition Provisions
- Purpose
- Reasonableness
- Consideration

PROTECTION FOR SUBMISSION:

Submission to Private Parties:

In may instance individuals wish to submit an idea for an invention, process, game, or entertainment show to a company or business in the hope that the company or business in the hope that the company will market and develop the idea and the individual will be compensated for the idea?

Idea submission disputes frequently arise in the entertainment industry In oen case an individual claimed that the producers of the Cosby Show (American comedian) misappropriated her idea for a television program portraying a wholesome and loving African American family A court held there were no people and the idea was so general as to lack the element of concreteness to be protectable

The solution to such a dilemma is for the “inventor” to submit the idea pursuant to an evaluation agreement, or submission agreement, whereby the other party agrees to evaluate the idea only for the purpose of considering a future transaction between the parties and further agrees not to circumvent the submitter or to disclose the idea to others