



INTERNATIONAL CONGRESS OF NANOTECHNOLOGY

October 31, 2005; San Francisco

Workshop on Intellectual Property and Business Strategy in Nanotechnology

Sponsored by Townsend and Townsend and Crew LLP



EFFECTIVE PROTECTION AND USE OF TRADE SECRETS IN A NANOTECHNOLOGY BUSINESS STRATEGY

Joel G. Ackerman

TOWNSEND AND TOWNSEND AND
CREW LLP, San Francisco Office



To be covered

- ▶ Using trade secrets in business strategy
- ▶ Trade secrets in non-disclosure and materials transfer agreements
- ▶ Trade secrets in relation to employees
- ▶ Protecting trade secrets in general

General definition

A trade secret is:

information known to you but not to others
(the "secret" portion)

and that provides you/your company or organization with a
competitive advantage
(the "trade" portion)

General definition

- ▶ A trade secret can be technical or non-technical (e.g., business) information
- ▶ It may be composed of a combination of pieces of information, each of which may be individually known, but not in this combination
- ▶ It does not have to rise to the level of a patentable invention

Note: Patents are governed by Federal law - the rights are uniform throughout the United States.

Trade secrets for the most part are governed by state law - the rights can vary from state to state.

Using trade secrets in business strategy

- ▶ Trade secrets ("know-how") can be as valuable as patents in a licensing situation, if not more valuable - either alone or as an adjunct to patents
- ▶ Patents have the potential to block competition; trade secrets have the potential to provide the necessary competitive edge - to your company or to a licensee
- ▶ Trade secrets are valuable entries to collaborative relationships of various types - "partnering", joint R&D, etc as well as when seeking investment capital.
- ▶ Trade secrets exist:
 - When a decision has been made to not seek a patent on a trade secret
 - When a patent application has been filed but not yet published - still a trade secret

Major issues in non-disclosure/material transfer agreements

- ▶ The parties
- ▶ Individuals that can have access
- ▶ The stated purpose
- ▶ What should be disclosed
- ▶ Disclosure in writing or if orally, confirmed in writing
- ▶ Marking "confidential"
- ▶ The term of the agreement

Major issues in non-disclosure/material transfer agreements

- ▶ The "standard" exceptions
 - Already available to the public
 - Later-published
 - Given independently by third party without secrecy obligation
 - Independently developed by recipient
 - Legal obligation to disclose

- ▶ Not a "standard exception"
 - "in residual memory"

- ▶ Special provisions for material transfer agreements
 - non-analysis
 - no or limited "growing up" of biological materials
 - return of unused or excess material

Employer-employee issues

- ▶ Governed by state laws, including labor laws
- ▶ Employment agreement
 - assignment of inventions
 - confidentiality
- ▶ non-compete clauses
- ▶ Intake interview
- ▶ Exit interview
- ▶ Contacting new or previous employer
- ▶ "Inevitable disclosure" concept

General protection of trade secrets

- ▶ Educating employees about trade secrets/confidentiality
- ▶ Special treatment for sensitive material
- ▶ Visitors

Contact information

Joel G. Ackerman
Townsend and Townsend and Crew
2 Embarcadero Center
San Francisco, California 94111
tel.: (415) 576-0200 ext. 4057
Fax: (415) 576-0300
e-mail: jgackerman@townsend.com