

Protecting Your Trade Secrets in Silicon Valley and Beyond

Jeffrey D. Polsky, Esq., Partner, Fox Rothschild LLP

May 8, 2017

Types of Intellectual Property

- Trademark – a recognizable sign, design, or expression that identifies products or services of a particular source
- Copyright – the right to print, publish, perform, film or record literary, artistic, or musical material
- Patent – exclusive right to use an invention for a specified period of time
- Trade Secret – information that is secret, that derives economic value from its secrecy, and is subject to reasonable measures to maintain secrecy



A Trade Secret Is

1. Information
2. That is secret
3. That derives economic value from its secrecy
4. Is subject to reasonable measures to maintain its secrecy



Patent vs. Trade Secret

- Patents involve a new invention
- You must disclose the information to get the patent
- Takes 2+ years to get a patent
- Patents last for set period (e.g. 20 years)
- Patents protect against reverse engineering



Misappropriation Involves Improper

1. Acquisition
2. Use or
3. Disclosure



Remedies for Misappropriation

- Civil
 - Monetary damages
 - Injunctive relief
- Criminal



Injunctive Relief Can

- Require return or destruction of materials containing trade secrets
- Forbid disclosure or use of trade secrets
- Prohibit the person who took the trade secrets from doing something, such as contacting customers
- Compel the person to take some action, such as notifying others of the misappropriation
- Monitor the person's actions regarding the trade secrets
- Under the Defend Trade Secrets Act, require seizure of property necessary to prevent misappropriation



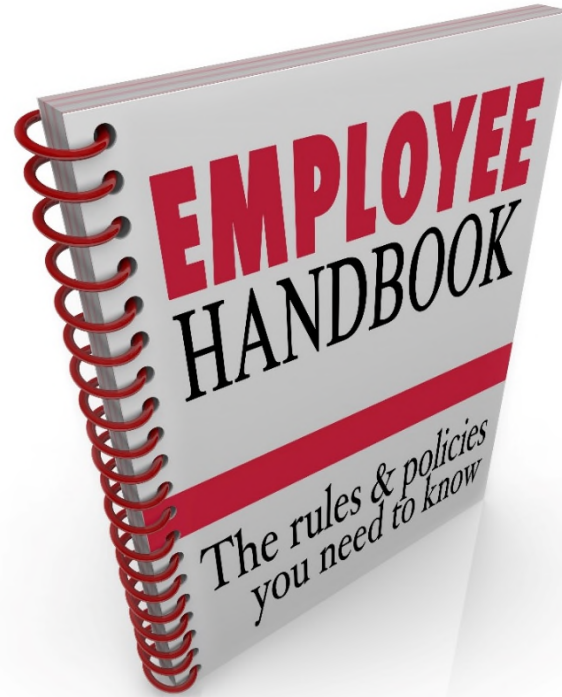
Select Applicants Carefully

- Does the applicant change jobs frequently?
- Why did the person leave prior employer?
- Any agreements with prior employer?
- Will the applicant bring information from the prior employer?
- Don't ask about the prior employer's confidential information
- Be careful hiring from competitors
- Have new employees sign confidentiality agreements



Reinforce to Employees the Importance of Protecting Trade Secrets

- Have a written policy
- Train new employees
- Periodically retrain existing employees



Address Trade Secrets During an Exit Interview

- Provide copies of signed agreements; review key provisions
- Confirm employee has returned all company information and equipment
- Terminate employee's access to company systems and facilities
- If the employee resigned, ask why
- Ask about future employment plans
- Ask employee to sign a termination certificate



Some Terminations Will Require the Company To Be More Proactive

- Require the employee to leave sooner
- Interview supervisors and co-workers
- Review electronic evidence
- Send a letter to the employee
- Send a letter to the new employer



Protect Your Information

- Limit access to those who need to know it
- Place legends on documents and files
- Implement an information tracking system
- Dispose of information properly
- Regulate information that must leave the company
- Encourage reporting of violations



Protect Your Facilities

- Locked areas
- Warning signs
- Key cards
- Security cameras
- Monitor visitors



Agreements With Employees

- Confidential information agreements
- Invention assignments agreements
- Define what information is protected
- Define employee's obligations while employed
- Define employee's obligations after employment ends



Non-Disclosure Agreements (With People Outside the Company)

- Similar provisions to agreements with employees
 - Define what's protected
 - Term
 - Post-termination obligations
- Audit provision



Respond to Suspected Misappropriation

- Immediate investigation
- Directed by counsel
- Preserve relevant information
- Preserve relevant devices
- Interview witnesses
- Monitor person suspected of misappropriation



Trade Secret Audits – Advantages

- Identify underused or undervalued trade secrets
- Identify weaknesses in security
- Reinforce to employees that the company takes issue seriously
- Demonstrate that the company took reasonable measures to protect information



Trade Secret Audits – Disadvantages

- Cost (time, money, interference with operations)
- Audit may reveal embarrassing losses that may need to be disclosed by publicly traded companies
- Poorly conducted audits can be used against a company in litigation



Questions to Address in the Audit

- What are the most important trade secrets in each area of the company?
- What information gives the company a competitive advantage?
- Where is the information kept?
- Who has access?
- Is access tracked?
- How does the company protect the information?



Questions to Address in the Audit

- Has the information ever been disclosed publicly or to parties who were not required to keep it confidential?
- Do the company's human resources practices minimize the risk of misappropriation?
- Is there more the company should be doing?



How To Succeed in Trade Secret Litigation

- Have realistic goals
- Give a consistent message
- Understand what to expect at each stage of the process
 - Pleadings
 - Discovery
 - Alternative Dispute Resolution
 - Trial
 - Collecting





Jeffrey D. Polsky, Esq.
Partner, Fox Rothschild LLP
San Francisco
1-415-364-5563
jpolsky@foxrothshild.com

- Co-chair of Labor & Employment Department
- Extensive experience dealing with the legal issues surrounding trade secrets
- Represents companies suing to protect their trade secrets and those defending themselves from such lawsuits
- Advises companies on steps they can take to protect their trade secrets from misappropriation





Fox Rothschild LLP
ATTORNEYS AT LAW



Building Business Bridges Connecting Israel and the United States

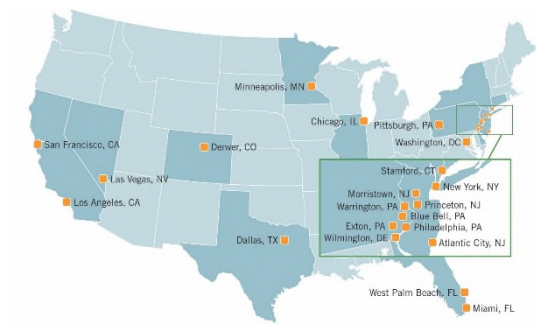


Fox Rothschild LLP
ATTORNEYS AT LAW

Connecting Israel to the United States

- Help Israeli companies from startups to market leaders
 - Expand to U.S. market
 - Close deals with U.S. firms
- Offer a full range of legal services including corporate, tax, litigation, real estate and IP
- Offices in key markets throughout the U.S.
- Flexible fee structuring

FOX ROTHSCHILD AT A GLANCE
800 lawyers
Am Law 100 firm
60+ diverse practice areas
Established more than 100 years ago





Fox Rothschild LLP
ATTORNEYS AT LAW

Building Business Bridges Connecting Israel and the United States

Practice Group Chairs

Mark H. Hess, mhess@foxrothschild.com, 054-768-4176

Audrey Noll, anoll@foxrothschild.com, 052-756-3770

Michael A. Sweet, msweet@foxrothschild.com, 1-415-364-5548



Fox Rothschild LLP
ATTORNEYS AT LAW



Mark H. Hess, Esq. Partner, Fox Rothschild LLP Los Angeles and Israel

- Shares time between Israel and the United States and has an extensive knowledge of each country's legal system
- Fluent in Hebrew
- Focuses practice on employee benefits and executive compensation as well as corporate and individual taxation and tax-exempt organizations
- Represents clients in the banking, entertainment, health care and real estate industries



Audrey Noll, Esq. **Partner, Fox Rothschild LLP** **Israel**



- Fluent in Hebrew
- Handles cases involving a broad range of industries, including hospitality, manufacturing, energy and entertainment
- Devotes practice to bankruptcy, corporate reorganization and debtor/creditor matters in both the United States and in Israel
- Clients include Chapter 11 debtors, secured and unsecured creditors, shareholders, committees and licensors



Michael A. Sweet, Esq. Partner, Fox Rothschild LLP San Francisco



- Experienced litigator and bankruptcy attorney providing strategic solutions to complex legal matters
- Advises Israeli companies on matters relating to the launch of a U.S. subsidiary or acquiring a U.S. company
- Recognized authority on Chapter 9 issues and municipal bankruptcy issues
- Practice includes cross-border transactions and IP matters

