

## Get a Patent? Think Again

“I have this great invention. I am going to patent it before someone else does.” That may be a good idea, but it is expensive and takes two to five years. Maybe you had better think of a better way to protect your invention. Like what?

Like a “trade secret.” Most states have passed the Uniform Trade Secrets Act (UTSA). (In Maryland, it is in section 11-1201 and following of the Commercial Law article of the Maryland Code.) In general this set of laws make it illegal to steal what it defines as a trade secret (or to try to get someone else to do so), and provides remedies such as an injunction, damages and attorneys fees against the bad guy and in favor of the owner of the secret. It does not provide a criminal penalty, but a federal law found in sections 1839 and following of Title 18 of the US Code does.

I am going to focus on the UTSA and compare what it provides an owner with US patent law. The issues will be what can be protected, how to get protection, how to keep it, the remedies for a violation and the risks of each.

*What can be protected?* Almost anything can be a trade secret (also called “proprietary”), anything that is *information* that gives a “competitive economic advantage” because it is secret. Patents, on the other hand, are only available for inventions that are novel, not obvious and have the right subject matter. Probably, under a recent Supreme Court interpretation, the information must relate to something concrete rather than abstract, but they could not agree where the line is. A way of doing business, such as a sales technique, is probably not patentable, but could be kept as a trade secret.

*How does one get the ownership?* Under patent law to get a patent the inventor must *disclose* his invention enough that someone familiar with the “art” could use it. In exchange, if a patent is granted then the inventor has a limited monopoly over the technology disclosed.

Under Trade Secret law you keep the information secret – you do not disclose it - and register it with no government agency; that is all you do. Keeping it a secret does require a reasonable amount of active effort, but not effort worthy of Homeland Security.

*What do you get with ownership?* For 20 years from the filing date the patent holder can be the sole manufacturer of any product that uses the technology, or can sell licenses in exchange for money. The patent is not, by the way, a license to use the technology if in the process you infringe someone else’s patent. It is solely the right to say “no” to someone who wants to use your disclosed technology. If a patent is not granted, the inventor has made a disclosure and gets nothing back. It is a gamble.

With a trade secret, the owner gets the right to sue someone who threatens to disclose that secret, to get a court order against disclosure, or money damages after the fact. The typical example is one or a group of employees makes plans to leave and take secret technology with them to a competitor, but the owner gets wind of the plan. (I once got a call from someone planning to set up a competitor—someone negotiating to buy the computer company I worked for—offering me a big salary if I would join him and incidentally bring the customer list with me on a disk. What did I do? Phone me and find out, 877-934-4766 or 301-498-4766 in Columbia MD.)

Often the inventor discloses part of what he or she knows as part of seeking a patent and keeps back as trade secret some things needed to make the best use. What the owner of a trade secret does *not* get is the right to prevent someone from doing his or her own research and experiments to learn the secret, so long as it is not by breaking in or subverting your employee. Their own research *may* include doing a lab analysis of your cola or spaghetti sauce. In other words, the holder of a trade secret cannot prevent independent duplication or reverse engineering.

*How do you keep ownership?* For 20 years from when the application is filed, the inventor or whomever he or she sells to, owns the patent. (There are some exceptions for when the Patent Office takes too long to decide and for certain drug patents.) For a trade secret, the ownership lasts as long as the owner takes action to keep the secret. Coca Cola has held their recipe secret more than 100 years.

*What are the remedies in each case?* If someone 'breaks' your patent—it is called infringing—the main thing you can get is money damages. This usually means some estimate of the royalties the bad guy should have paid. If the patent owner is also making products with his technology, he can get all the bad guy's profits from infringement, even though there might have been other patents also used. And if the infringement was "willful," which generally means after being warned off when it was clear they were infringing, the court can triple the jury's award. The court can also order the bad guy to pay the inventor's attorney's fees. Injunctions can be granted against infringement, but the Supreme Court has indicated that they should not be granted if later damages for further infringement would be available. (Frankly, I think that is wrong because it forces the inventor to grant in effect a license to the bad guy to keep on infringing and to back to court to collect it, but I don't have one of those black robes.)

The law provides in one way a better remedy for the owner of a trade secret. If a disclosure is only threatened, an injunction is always available, because a secret once lost cannot be recovered. Or there can be money damages for disclosing the secret, with possible tripling by the judge. In the right case, you can also persuade the local US Attorney to place criminal charges against the discloser, with a possible large fine plus 10 years in jail (more if disclosure is to a foreign government or company) or both.

So, should you run out and spend thousands and several years seeking a patent, or just go ahead and exploit what you have discovered or developed? It is not an easy question. If what you have is easy to duplicate or reverse engineer, try for a patent. That will be protection even against someone who duplicates or reverse engineers, if the invention is the kind of subject that can be patented.

If what you own is more like a recipe (chemical or culinary) or a way of doing business profitably or efficiently, keep it a secret, and use it or license it. (Part of what franchise companies license to their franchisees is the know how to do business and secret recipes for foods or chemicals.) Take your time making that decision, because it will affect you and your invention for the rest of your life. Get professional advice. Don't jump at patent protection.

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