KILPATRICK TOWNSEND

4 KEY TAKEAWAYS

Trade Secret Licensing: Let's make a DEAL

Kilpatrick Townsend Partner, Nicki Kennedy, provided tips on trade secret protection for licensors and licensees in a recent presentation. Ms. Kennedy outlined how making the decision to license trade secrets is often difficult but some of the risk can be mitigated by making a good **DEAL**:

1

DEFINE: Trade secrets must be:

- secret,
- have commercial value, and
- have been subject to reasonable steps to be kept secret.

While there is no bright line rule for what constitutes "reasonable measures", a documented trade secret policy, marking of documents, limited access to documents, and password protection are good examples of measures that your company can take. Above all else, have an internal policy and follow it.

EDUCATE: Make sure that your employees know your internal policy, from executives to sales people and engineers. Conduct IP reviews to identify trade secrets. Review best practices for following internal policies and remind employees at their exit interviews.

2

3

APPRAISE: Determine what information rises to the level of a trade secret, e.g., has commercial value. Then assign a value. This step will assist if you do decide to license your trade secrets. Depending on the assets included in the license, the trade secrets may be licensed separately from patent rights.

LICENSE: Work with parties who understand trade secrets and how to protect them. Both licensors and licensees should be equally committed to protecting trade secret information. For licensor, include a non-disclosure agreement (NDA) in the license and extend the NDA requirements beyond the life of the license. Licensor should also reserve the right to conduct periodic audits of licensee. For licensee, insist on identification of trade secrets in writing and have clear IP ownership provisions for improvements on trade secrets. Open and honest communication will avoid soured relationships and costly litigation.

4

For more information, please contact: Nicki Kennedy, nkennedy@kilpatricktownsend.com

www.kilpatricktownsend.com

Related People



Nicoletta M. Kennedy
Washington, DC
t 202.639.4711
nkennedy@ktslaw.com