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IP Risks in Outsourcing: Traps for the Unwary

ACC Docket

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Written by **Joshua S. Ganz** and **Maha Khalaj**

Companies are more frequently turning to third-party subject matter experts to outsource their most pressing business needs and critical processes to allow them to cut infrastructure costs, focus on their core competencies, and/or obtain access to new, enhanced technologies. Although these relationships present opportunities for companies to improve product and service quality and leverage economies of scale to better compete within their respective markets, they also pose the risks of exposing potential data and confidential information and mismanagement of technology and other IP assets. This is because most outsourcing engagements require customers and providers to share a high level of intellectual property, including know-how, which risks theft or misappropriation of trade secrets, diminution or full loss of IP rights, and reduced control of the outsourced function. In addition, whenever parties share data or information, the chances of a data breach and implications related to data security and privacy laws should be a top consideration.

Related People

Joshua S. Ganz

t 404.815.6184

jganz@ktslaw.com

Maha Khalaj

t 404.815.6072

mkhalaj@ktslaw.com