INTELLECTUAL PROPERTY OVERVIEW

MUSIC LICENSING

WHAT IS A TRADE SECRET ANYWAY?

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INTELLECTUAL PROPERTY OVERVIEW

I. INTELLECTUAL PROPERTY CONCEPTS

A. PATENTS
B. TRADEMARKS
C. COPYRIGHTS
D. TRADE SECRETS

II. Constitutional Basis for Patent, Trademark and Copyright

A. PATENTS & COPYRIGHTS

1. U. S. Constitution, Article 1, Section 8, Clause 8:

“The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

a) Writings includes documents, sculptures, music, computer programs, etc.

B. TRADEMARKS

1. Commerce Clause: U.S. Constitution, Article 1, Section 8, Clause 3:

“The Congress shall have power . . . to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.”

C. Federal Intellectual Property Legislation


III. COPYRIGHT


1. Literary Works
2. Musical Works
3. Dramatic Works
4. Pantomimes and Choreographic Works
5. Pictorial, Graphic & Sculptural Works
6. Motion Pictures and Other Audiovisual Works
7. Sound Recordings
8. Architectural Works

9. An original work must be fixed in tangible means of expression. 17 USC §302(1). The idea is not copyrighted, only the expression of the idea. *Baker v. Selden*, 101 U.S. 99 (1879)


B. COPYRIGHT PROTECTION FOR ARCHITECTURAL WORKS

1. An “Architectural Work” is defined as “the design of a building as embodied in any tangible medium of expression, including a building, architectural plans, or drawings. (17 USC §101).

2. The copyright in a building does not prohibit the taking of photographs of parts of the building observable from a public place. (17 USC §120(a)).

C. WHAT CAN’T BE PROTECTED BY COPYRIGHT? 17 U.S.C. §102

1. Ideas
2. Procedures
3. Process
4. System
5. Method of Operation
6. Concept
7. Principle
8. Discovery

9. Recipes- That are a mere listing of ingredients. Protection may extend to substantial literary expression—a description, explanation, or illustration, for example—that accompanies a recipe or formula or to a combination of recipes, as in a cookbook

10. Brand names, logos, slogans, domain names and titles also cannot be protected under copyright law.
D. WHAT RIGHTS ARE CONFERRED ON A COPYRIGHT OWNER?


   a) A copyright owner has the right to:
      i) Reproduce the copyrighted work
      ii) Prepare derivative works – (a work based on the original work) 17 USC §106(4)(5)
      iii) Distribute copies of the copyrighted work
      iv) Perform or display literary, musical, dramatic, choreographic, pictorial, graphic or sculptural works publicly
      v) Perform sound recordings publicly by means of a digital audio transmission

      These affirmative rights are distinct and divisible

2. DEFENSIVE RIGHTS 17 U.S.C. §501

   a) Preclude others from doing any of the above without permission.

E. OWNERSHIP OF A WORK DOES NOT CONFER OWNERSHIP OF COPYRIGHT

1. One who obtains ownership of a work (either an original or a copy) protected by copyright does not obtain any of the copyright owner’s rights in the work absent an express agreement to the contrary. 17 U.S.C. §202

2. Copyright assignments must be in writing and signed by the copyright owner to be enforceable. 17 U.S.C. §204

F. TERM OF COPYRIGHT PROTECTION


   a) Life of the author plus 70 years

   b) Works for hire:
      i) 95 years from the year of first publication, or
      ii) 120 years from the year of creation, whichever expires first

G. THE BENEFITS OF FEDERAL COPYRIGHT REGISTRATION

1. A copyright attaches to an original work of authorship once the work is committed to a tangible medium of expression 17 U.S.C. §102
2. FEDERAL REGISTRATION OF COPYRIGHTS:
   a) Provides jurisdictional basis for commencing suit for infringement – 17 U.S.C. §411
   b) A registration certificate obtained within 5 years of publication constitutes prima facie evidence of validity of copyright (authorship) and of facts stated in certificate - 17 U.S.C. §410(c)
   c) Registration (prior to infringement) is a prerequisite for recovering statutory minimum damages, statutory enhanced damages, and actual attorney’s fees - 17 U.S.C. §§504, 505
      i) Statutory Minimum Damages-$750 to $30,000 per work infringed
      ii) Statutory Enhanced Damages (Willful Infringement)- Up to $150,000 per work infringed

IV. TRADEMARKS

A. WHAT IS A TRADEMARK? 15 USC §1127
   1. Something a person uses in commerce, or has a bona fide intent to use in commerce, to:
      a) Distinguish his or her goods or services from those of others, and
      b) To indicate the source of the goods or services, even if the source is unknown
   2. Consumers associate the goodwill and reputation of a manufacturer with the Trademark.
   3. Trademark Law seeks to avoid consumer confusion 15 USC §1125

   1. A Trademark includes a:
      a) Word
      b) Name
      c) Symbol (logo) – (McDonald’s arches)
      d) Device (container shape- Coca Cola bottle)
      e) Color (pink-Owens Corning Fiberglass)
      f) Sound (NBC chimes)
      g) Scent (scented yarn)
      h) Or any combination thereof
C. Trademarks may be important to municipalities in order to protect logos and slogans associated with the municipality.

D. Trademark registration protects the Trademark and the owner of the Trademark.
   1. Federal 15 USC §1051
   2. State Wis. Stats. §132.01

E. A Federal Trademark registration provides notice that the Trademark is owned.

F. Federal ‘Likelihood of Confusion’ factors:
   1. similarity of the Mark: appearance, impression, sound, connotation;
   2. actual confusion;
   3. are the goods/services similar?;
   4. are the goods/services in the same or similar channels or trade?;
   5. number/nature of similar Marks; and
   6. first use commerce dates;

G. Trademarks must be actively used and defended.
   1. Failure to use the Mark for a period of time may result in abandonment of the Mark.

H. TRADE DRESS -The total appearance and image of a product, including features such as size texture, shape, color, color combinations and graphics. Trade dress protection has also been afforded a restaurant’s overall unique style or décor.


I. Types of Marks:
   1. Trademark (Coca Cola)
   2. Service Mark (Merry Maid; CarX)
   3. Certification Marks (UL; Good Housekeeping)
   4. Collective Mark (Logo of Door County Cherry Growers Association, FTD)

J. Federal Registration provides:
   1. National constructive notice of ownership -15 USC§ 1072
   2. National constructive use from date of application – 15 USC§ 1057(c)
   3. Prima facie evidence of validity, ownership and exclusive right to use the mark –15 USC §1057(b)
   4. Ability to bar importation of infringing goods -15 USC§ 1124
5. Potential of recovering treble damages and actual attorney’s fees – 15 USC §§1116-1120

6. Possibility of establishing incontestability 15 USC §§1115

7. Both state and federal claims can be litigated in federal court 15 USC§1125 (§43(a) claim)

8. Unfair competition and false designation of origin claims can also be maintained.

V. PATENTS


1. Inventions and Discoveries, including any new and useful:
   a) Process
   b) Machine
   c) Manufacture
   d) Composition of Matter; or
   e) Any new and useful improvement thereof.


1. Invention must be:
   a) New – Never before conceived
   b) Useful – Provides some societal benefit; or
   c) A non-obvious improvement of an existing invention

2. Non-patentable subject matter includes (common law);
   a) Laws of nature
   b) Principals of Science
   c) Mathematical Algorithms
   d) Abstract Ideas

C. RIGHTS GRANTED A PATENT OWNER

1. DEFENSIVE RIGHTS – 35 USC §271
   a) Patent owner has the right to exclude others from making, using, selling or offering to sell the patented invention. 35 U.S.C. §271
2. PROS & CONS OF FEDERAL PATENT PROTECTION

a) Patent protection vs. Trade Secret protection

i) Life of patent is finite (20 years from date of filing application)

ii) Trade secret protection can be indefinite (Coca Cola formula)

iii) Suit for patent infringement lies against infringer. Suit for trade secret breach lies against individual who absconded with trade secret.

iv) Minimum statutory damages and potential for attorney’s fees award available in patent infringement cases. Lacking in Trade Secret cases.

v) Assuming patent is valid patent owner has absolute right to exclude others from practicing invention during life of patent. Once Trade Secret is disclosed it is in the public domain.

VI. TRADE SECRETS

A. The Defend Trade Secrets Act of 2016 (DTSA) enacted May 11, 2016, codified at 18 U.S.C. 1836 a United States federal law that allows an owner of a trade secret to sue in federal court when its trade secrets have been misappropriated. It aligns closely with the Uniform Trade Secrets Act which had been adopted in some form in almost every U.S. State.

B. Wisconsin’s Statute is Wis. Stats. §134.90

VII. FAIR USE – FRAUGHT WITH RISK

A. Fair use is a legal doctrine that promotes freedom of expression by permitting the unlicensed use of copyright-protected works in certain circumstances. Section 107 of the Copyright Act provides the statutory framework for determining whether something is a fair use and identifies certain types of uses—such as criticism, comment, news reporting, teaching, scholarship, and research—as examples of activities that may qualify as fair use. U.S.C. Title 17 found at www.copyright.gov/title17/

B. Fair use allows scholars, researchers and others to borrow or use small portions of in-copyright works for socially productive purposes without seeking permission. The doctrine of fair use is a balancing act. It recognizes the competing ideals of free speech with the property rights of individual creators.

C. Fair use is a defense to copyright infringement. It is not a right. Fair use involves risk.

D. Section 107 calls for consideration of the following four factors in evaluating a question of fair use:

- **Purpose and character of the use, including whether the use is of a commercial nature or is for nonprofit educational purposes:** Courts look at how the party claiming fair use is using the copyrighted work, and are more likely to find that nonprofit educational and noncommercial uses are fair. This does not mean, however, that all nonprofit education and noncommercial uses are fair and all commercial uses are not fair; instead, courts will balance the purpose and character of the use against the other factors below. Additionally,
“transformative” uses are more likely to be considered fair. Transformative uses are those that add something new, with a further purpose or different character, and do not substitute for the original use of the work.

- **Nature of the copyrighted work**: This factor analyzes the degree to which the work that was used relates to copyright's purpose of encouraging creative expression. Thus, using a more creative or imaginative work (such as a novel, movie, or song) is less likely to support a claim of a fair use than using a factual work (such as a technical article or news item). In addition, use of an unpublished work is less likely to be considered fair.

- **Amount and substantiality of the portion used in relation to the copyrighted work as a whole**: Under this factor, courts look at both the quantity and quality of the copyrighted material that was used. If the use includes a large portion of the copyrighted work, fair use is less likely to be found; if the use employs only a small amount of copyrighted material, fair use is more likely. That said, some courts have found use of an entire work to be fair under certain circumstances. And in other contexts, using even a small amount of a copyrighted work was determined not to be fair because the selection was an important part—or the “heart”—of the work.

- **Effect of the use upon the potential market for or value of the copyrighted work**: Here, courts review whether, and to what extent, the unlicensed use harms the existing or future market for the copyright owner's original work. In assessing this factor, courts consider whether the use is hurting the current market for the original work (for example, by displacing sales of the original) and/or whether the use could cause substantial harm if it were to become widespread.

E. In addition to the above, other factors may also be considered by a court in weighing a fair use question, depending upon the circumstances. Courts evaluate fair use claims on a case-by-case basis, and the outcome of any given case depends on a fact-specific inquiry. This means that there is no formula to ensure that a predetermined percentage or amount of a work—or specific number of words, lines, pages, copies—may be used without permission. See **37 C.F.R. 201.2(a)(3)**. [www.copyright.gov/fair-use/more-info.html](http://www.copyright.gov/fair-use/more-info.html)

F. Fair Use Considerations

1) Draft your own material/art. Avoid copying. Put writings in your own words. Create on your own. OR ask permission of the copyright owner. OR pay a license fee to use the work. Avoid taking the heart of someone else's work.

2) Limit what you are using. The more you use, the more it will be considered infringement.

3) Does your addition transform the character, meaning or message of the original work? If so, that weighs more heavily towards fair use.

4) Works based on facts find expression in a limited number of ways compared to fanciful works that may be expressed in more ways, so works based on facts receive less protection. Visual works have a higher level of protection under copyright law.

5) A non-profit educational institution may be sued if their use does not fit the four factors of fair use.
6) Parody, which mocks or ridicules an original work by using parts of the original work, may be considered fair use.

7) Giving credit to the copyright owner does not make the use fair use.

8) The fact that there is no financial gain does make the use fair use. Also, if the use affects the market value of the copyrighted work, it is probably not fair use.

G. U.S. Copyright Office Fair Use Index

1) Available at www.copyright.gov/fair-use/

   a. This Fair Use Index is a project undertaken by the Office of the Register in support of the 2013 Joint Strategic Plan on Intellectual Property Enforcement of the Office of the Intellectual Property Enforcement Coordinator (IPEC). The index makes the principles and application of fair use more accessible and understandable to the public by presenting a searchable database of court opinions, including by category and type of use (e.g., music, internet/digitization, parody).

   b. The Fair Use Index tracks a variety of judicial decisions to help both lawyers and non-lawyers better understand the types of uses courts have previously determined to be fair—or not fair. The decisions span multiple federal jurisdictions, including the U.S. Supreme Court, circuit courts of appeal, and district courts.

VIII. CREATIVE COMMONS (CC) LICENSING AND USE

www.creativecommons.org/policies/

A. Creative Commons is a non-profit organization with the goal of expanding the range of creative works to be available for others to legally share and build upon. CC has at least six copyright licenses which are free of charge to the public. Creators/Authors may state which rights they reserve and which rights they waive. In doing so, there are no separate negotiations between the Licensor copyright owner and any Licensee. The copyright owner does not seek commercial compensation.

1. Creative Commons is known as ‘copyleft’ as it looks to build a larger volume of public domain works. There are over 1.4 billion works licensed under the various Creative Commons licenses.

2. The organization was founded in 2001 by Lawrence Lessig, Hal Abelson and Eric Eldred. Lawrence Lessig is a Professor at Harvard University.

USEFUL LINKS

U.S COPYRIGHT OFFICE

www.loc.gov/copyright

U.S. Patent and Trademark Office (USPTO)

www.uspto.gov
Music Licensing Agreements

1. **ASCAP** -

2013 ASCAP License Agreement for Local Governmental Entities

http://imla.org/images/Membership/MusicLicensingAgreements/ASCAP_2013_License_Agreement_-_Local_Governmental_Entities.pdf

ASCAP, the **American Society of Composers, Authors, and Publishers** is an American non-profit performance rights organization that protects its members' musical copyrights. It monitors public performances of music, whether a live performance or a broadcast and compensates the artists.

ASCAP collects license fees from users of music created by ASCAP members, then distributes the royalties to its members. This is viewed as a compromise, for example, when a song is played, the user does not have to directly pay the copyright holder, and the creator of the music does not have to bill a radio station for use of a song.

ASCAP membership includes over 670,000 songwriters, composers, and music publishers with over 11 million works.

2. **BMI** –

2018 BMI Music License for Local Government Entities


IMLA Members are entitled to a 10% discount off the BMI pricing in the BMI Music License.

BMI, the **Broadcast Music, Inc.** is a performance rights organization based in New York City. It collects license fees and pays royalties to songwriters, composers and publishers of music. In 2018, BMI collected $1.199 billion in licensing fees and distributed $1.12 billion in royalties. BMI's repertoire includes over 900,000 songwriters and 14 million compositions.

3. **SESAC** -

www.sesac.com

SESAC, the **Society of European Stage Authors and Composers**, is based in Nashville, TN and has offices in New York City, Los Angeles and London. It deals with all aspects of the business: creation, licensing and administration. SESAC has 30,000 songwriters and over 400,000 compositions in its catalogue.

Whereas ASCAP and BMI operate on a **not-for-profit** basis, SESAC & Pro Music Rights retains some income as profit. While ASCAP, BMI, & Pro Music Rights distribute all income from performance royalties to their composer and publisher affiliates (less an administrative fee), SESAC retains an undisclosed amount of performance royalty income. SESAC is also unique among the U.S. performing rights organizations in that it does not offer open membership – one must be approved to join.

4. **Pro Music Rights** is a new music license model. It is a privately funded for profit Performance Rights Organization. Instead of a blanket license arrangement such as ASCAP and BMI, you pay for what is actually played, similar to a utility.

www.musicbusinessworldwide.com/vnue-and-pro-music-rights-team-up-on-new-music-licensing-model/
To find IMLA information regarding Music License Agreements go to:

www.imla.org

Click on Member Benefits

Click on Music Licensing Agreements
WHAT IS A TRADE SECRET ANYWAY?

1. Trade Secrets differ from Copyrights, Patents and Trademarks
   • Copyright protects the ‘expression of an idea’ and not the idea itself. Trade Secrets do protect ideas. Copyright terms are limited to either the life of the author plus seventy years or in the case of anonymous works, pseudonymous works and works made for hire, either 120 years from their creation or 95 years from their first publication, whichever is sooner.
   • Patents generally protect information for 20 years from the date of filing the patent application. Trade Secrets may be protected indefinitely. Trade Secrets require no novelty, but patents must be novel.
   • Trademarks protect the brand of a good or service as it is used in interstate commerce.

A. Disadvantage of Trade Secret
   • Does not protect against independent discovery. It is possible for you to be prevented from using your trade secret by someone who discovered the creative work on their own, and did proceed to patent it.

B. Uniform Trade Secret Act
   1) UTSA defines a Trade Secret as:
      “information, including a formula, pattern, compilation, program, device, method, technique, or process, that:
      (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
      (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.”
   2) Codified in Wisconsin, Wis, Stat. §134.90(1)(c) 1. and 2.
   3) UTSA defines Misappropriation as the improper acquisition, disclosure, or use of a trade secret:
      “(a) Acquiring the trade secret of another by means which the person knows or has reason to know constitute improper means. (b) Disclosing or using without express or implied consent a trade secret of another if the person did any of the following:
      1. Used improper means to acquire knowledge of the trade secret.
      2. At the time of disclosure or use, knew or had reason to know that he or she obtained knowledge of the trade secret through any of the following means:
         a. Deriving it from or through a person who utilized improper means to acquire it.
         b. Acquiring it under circumstances giving rise to a duty to maintain its secrecy or limit its use.
c. Deriving it from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use.

d. Acquiring it by accident or mistake.”

4) Codified in Wisconsin, Wis. Stat. §134.90(2)(a) and (b).

5) The USTA defines conduct which constitutes improper means for acquiring, disclosing, or using proprietary information of another.

“Improper means” includes espionage, theft, bribery, misrepresentation and breach or inducement of a breach of duty to maintain secrecy.

2. So What Is A Trade Secret Anyway?
   
A. Try to think of what a trade secret is not.

1) It is not information that is available to the public.

2) It is not general knowledge and skill.

3) There are three primary areas that are not trade secret:
   
a. What is generally known:

b. What is readily ascertainable:

i) Information is readily ascertainable if it is available in trade journals, reference books, or published materials. The Restatement (Third) of Unfair Competition states that information in published materials reasonably accessible to competitors or readily ascertainable from an examination of a product on public sale or display does not qualify as a trade secret; and

c. An individual’s personal or professional skill.

i) If an employee had a great deal of experience in an industry before joining a company, a court may be more unconvinced of a trade secret claim. If the claimed secret is very specialized or unique to the trade secret owner’s business, a court may be more supportive of a trade secret claim. A claim is less likely to be viewed as a trade secret if it is more general and widely known. Information that is readily separated from an employee’s skills is more likely to be viewed as a trade secret than those which are so closely associated with an employee’s skills.

ii) Information derived by an employee from the whole of his experience with his employer comprises general skills and knowledge gained during his time of employment, which an employee is free to take and to use in later pursuits. But the employee cannot take written records, customer lists, compilations or analyses.

B. So What Is A Trade Secret?

1) It is secret.

2) The Trade Secret owner must take reasonable steps to maintain its secrecy.

3) It is “any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable and secret to afford an actual or potential economic advantage over others”. Restatement (Third) of Unfair Competition §39.

   a. Confused?
1. The *Restatement (Third) of Unfair Competition* §39 comment d states “It is not possible to state precise criteria for determining the existence of a trade secret. The status of information claimed as a trade secret must be ascertained through a comparative valuation of all the relevant factors, including the value, secrecy and definiteness of the information as well as the nature of the defendant’s misconduct.”

2. The *Restatement of Torts* §757 comment b states “Some factors to be considered in determining whether given information is one’s trade secret are: (1) the extent to which the information is known outside of his business; (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information; (4) the value of the information to him and to his competitors; (5) the amount of effort or money expended by him in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.” These factors continue to be used in analysis even in states that have enacted the Uniform Trade Secrets Act. Minuteman, Inc. v. Alexander, 147 Wis.2d 842, 434 N.W. 2d 773, 778 (Wis. 1989).

C. **What Does A Trade Secret Look Like?**

1) Trade Secrets can be ideas, products, formulas, services and/or service plans, designs, plans, drawings, reports, analyses, inventions, prices and names, customer lists, finances, marketing plans, business plans, business methods, strategic plans, research and development, commercialization strategies, economic information and know-how. Every patent begins as a trade secret.

D. **Why Do I Care?**

1) Because you may be unknowingly leaving digital fingerprints in very undesirable places.
2) Because you may hire employees that bring others’ Trade Secrets with them, opening you to liability.
3) Because those with which you contract may own proprietary or confidential information subject to Trade Secret protection.
4) Digital Fingerprints

The Federal Trade Commission mishandled confidential information in its antitrust challenge to the merger of Whole Foods Market and Wild Oats Market. The Federal Trade Commission electronically filed a brief exposing significant operational and strategic business information which Whole Foods Market considered confidential. Before the problem was discovered the press obtained a copy of the brief. Then the FTC filed a corrected brief, correcting their error by printing the brief to paper
and scanning it into image format. The District Court’s August 17, 2007 order denied the FTC’s motion for a preliminary injunction. How did this happen?

a. Metadata.

1) Metadata, the DNA of documents, is created by modern word-processing software. Software automatically saves, although hidden, and deep within the structure of a file, information that can reveal dates, times of revisions, authorship, names of editors, and other information.

2) FTC staff assumed the metadata in its word processing file would not migrate upon conversion to portable document format (.pdf). They assumed that using Microsoft’s “Highlight” or “Borders and Shading” tool to black out text actually removed the text from the file’s contents. It covers up the text but the text remains in the file. The text is still fully searchable and can be copied. The .pdf file appears to contain black boxes in place of the edited content, but the content is present in the .pdf file. It is then revealed by copying and pasting the blacked out text into a word processing file or into an email message or by viewing the .pdf file in a reader. FTC v. Whole Foods Market and Wild Oats Markets, Civ. No. 07-CV-01021-PLF (D.D.C. June 5, 2007)

b. Metadata errors are common. The British Prime Minister’s Office (the ‘Downing Street Memo’), the Democratic National Committee, the California Attorney General’s Office, the United Nations, the Motion Picture Association of America and the SCO Group have all made metadata errors. See Tom Zeller Jr., Beware Your Trail of Digital Fingerprints, N.Y. Times (Nov. 7, 2005).

c. In Hepting, et al. v. AT&T, 439 F. Supp 2d 974 (N.D. Cal 2006) various civil liberties groups challenged the National Security Administration surveillance activity. The law firm representing AT&T filed a redacted reply brief (which was posted on multiple websites) with revealing metadata. It listed potential uses AT&T might have for a ‘secret’ switching room designed to monitor telephone calls and internet transmissions. The irony was that the NSA had a prior publication Redacting with Confidence: How to Safely Publish Sanitized Reports Converted From Word to PDF (Feb. 2, 2006).

d. A government brief filed in Federal Court in San Francisco in connection with the investigation of leaked grand jury testimony from the BALCO steroid case contained pages of electronically blacked out ‘sensitive’ information, all faulty redactions. See Adam Liptak, Prosecutors Can’t Keep a Secret in Steroid Case, N.Y. Times (June 23, 2006).
i) How Can I Avoid This?

A. Never use the Microsoft Word tools ‘Highlight’ or ‘Borders and Shading’, UNLESS you then print the document to paper and scan it into an image file.
B. Microsoft created CodePlex redaction tool, but no longer supports this program. The free tool is still available.
C. Purchase software tools that will scrub metadata and other information from documents. Convert the redacted scrubbed copy of the Word file to .pdf.
D. Save a copy of your document in ‘rich text format’ (RTF), or go to the Save menu, click on Options, and save as a simple text file. Then convert it to a .pdf file (portable document format). However, this is not the most reliable method as there is some say traces of metadata from Microsoft Word and like programs are carried through to the pdf file.
E. Print your document on paper. Manually edit with black marker or white tape and then scan the document to an image file.
F. Contact your technical support (if any) to consult as to the best way to handle scrubbing metadata.
G. Inform your staff of the importance of these procedures. Implement a written office policy regarding metadata.

ii) More Steps to Avoid This

A. Implement a Trade Secret Protection Program
   1. Institute Security Measures
      a. Limit access to need-to-know basis or by departments/divisions of the organization
      b. Keep a sign-in log for visitors
      c. Use badges and locked doors
      d. Secure sensitive information
         i. Label items confidential
         ii. Secure networks
         iii. Secure documents
         iv. Shred sensitive documents
      e. Use Non-disclosure Agreements with contractors/vendors
      f. Use Employee Confidentiality Agreements
      g. Use Intellectual Property Assignment Agreements with employees, contractors and consultants
h. Employment Agreements
i. Review Marketing/Sales Arm of Organization for compliance
j. Implement computer policy
   i. Minimize employee privacy expectations by monitoring and access notice
   ii. Make clear policies regarding emails, blogs, chat rooms, postings
k. Establish procedures for employees ending employment
   i) Conduct exit interviews to identify new employer and job description, employer property and confidential information in possession of employee
   ii) Remind employee of confidentiality obligations
   iii) Ensure return of company property
   iv) Avoid long notice periods which breed conflicting loyalties
   v) Control employee documents, email, lock out of network
l. Educate employees during internal sessions. Train new staff.
m. Designate a person who has responsibility to continue Trade Secret Protection Program and to audit intellectual property at regular intervals.
n. Periodically audit trade secrets and other intellectual property.

E. Not-for-Profit Organizations
1. The modern treatises defining Trade Secrets, i.e. the Uniform Trade Secret Act and the Restatement (Third) of Unfair Competition §39, have dropped the requirement of economic value and substituted an element of ‘economic value’ or ‘economic advantage’. So it is now possible for a not-for-profit organization to own Trade Secrets. The proprietary information must have economic value or economic advantage. The Ninth Circuit held that religious information alleged to have only spiritual value is not a trade secret, although it may qualify as a trade secret when such material in fact has economic value. Religious Technology Center v. Wollersheim, 796 F.2d 1076, 1091 (9th Cir. 1986), cert denied 479 U.S. 1103 (1987).
F. Disclosure to the Government


2. Prevention. To prevent problems, documents should be carefully marked: ‘confidential’, ‘for internal use only’, ‘for internal evaluation only’; and ‘commercial’ and ‘contains an unpublished work’ when applicable. Information that is confidential or trade secret information should be clearly identified as such by liberal use of stamps and legends. This will prevent inadvertent disclosures.

Separate protectable information from that which is not protectable. Be sure documents are clearly marked confidential if they are transferred to another agency.

a. Examples of What Can Go Wrong

i) The Environmental Protection Agency was negligent when it mistakenly released, in response to a Freedom of Information Act request, the half-billion dollar secret formula to the ‘Roundup’ herbicide which Monsanto entrusted to the EPA. See Case, Marthinsen and Moss, “The Economic Impact of the Freedom of Information Act,” 12 AIPLA Q.J. 76, 81 (1984).


iii) A company’s confidential emissions data were accidentally released twice, once by a state air quality district employee who mistakenly permitted a third party to come to the agency’s office and review the material, and once by the EPA. Masonite Corp. v. County of Mendocino Air Quality Management District, 42 Cal. App.4th 436, 450, 49 Cal. Rptr2d 639, 648 (Cal. App. 1966).

iv) Cases holding that trade secret owners should be compensated:

A. If the trade secret owner submits its trade secret information to the agency with a reasonable investment-backed expectation that it will be protected from disclosure or use, the government can change the rules only by compensating the owner. Ruckelshaus v. Monsanto Co. 467 U.S. 986, 1010-1012, 104 S.Ct. 2862, 81 L.Ed.2d 815 (1984).

B. The court ruled there was no state immunity for deliberate disclosure to competitor because the action was ‘operational’ and not inherent in policy or planning, rather than
‘discretionary’ and involving fundamental policy decisions.


C. Government agencies can be held liable in damages if they improperly disclose trade secrets, but the damage caused by such disclosure must be demonstrably separate from that caused by other related decisions of the agency that are within its discretion. *Jerome Stevens Pharmaceuticals, Inc. v. FDA*, 402 F.3d 1249, 1252-1253 (D.D. Cir. 2005).

G. **Freedom of Information Act**

1. Although originally enacted to provide citizens with better access to their government, the FOIA has been used by competitors of submitters of data as well as foreign governments. The law contains no relevancy as to the identity of the one requesting information. It mandates that upon request each agency make available information it possesses, whether that is government information or information submitted to the government by a private party. 5 U.S.C. § 552(a)(3).

2. The FOIA contains exemptions to disclosure, in Sections 552(b) (3) and (4):

   “(b) This section does not apply to matters that are

   3) specifically exempted from disclosure by statute ... provided that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld;

   4) trade secrets and commercial or financial information obtained from a person and privileged or confidential”.

3. When the FOIA is read in conjunction with the ‘Trade Secrets Act’ at 18 U.S.C. § 1905, which prohibits government employees from disclosing trade secrets “to any extent not authorized by law”, the Trade Secrets Act provides the basis for a claim by the trade secret owner that information qualified under one of the above exemptions should be protected such that a court may prohibit its disclosure. The Supreme Court has held that this type of claim may be asserted on review under the Administrative Procedure Act of an agency’s decision. *Chrysler Corp. v. Brown*, 441 U.S. 281, 316-318, 99 S.Ct. 1705, 60 L.Ed2d 208 (1979).

4. Exemption 4 in the FOIA has been defined as follows:

   “Commercial or financial matter is ‘confidential’ for purposes of [Exemption 4] if disclosure of the information is likely to have either of the following effects: (1) to impair the Government’s ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained.” *National Parks and Conservation Association v. Morton*, 498 F.2d 765, 770 (D.C. Cir. 1974) (National Parks I)

a. The trade secret owner must show two things:
   i) that the owner faces actual competition; and
   ii) that release of the information would likely cause substantial competitive injury.

b. ‘Privilege’ as used in Exemption 4 must be of the type not otherwise referred to in the exemption, such as the attorney-client and work product privileges. Anderson v. Department of Health and Human Services, 907 F.2d 936, 945 (10th Cir. 1990).

5. Federal agencies are generally required to give reasonable notice to the owner of the information before disclosure is made pursuant to the FOIA. Executive Order No. 12600, June 23, 1987, 52 Fed. Reg. 23781. The trade secret owner’s objection may be reviewed under the Administrative Procedure Act. If appealed to the District Court it will be heard de novo.


7. State agencies may be exposed to liability if they misuse secret information that has been entrusted to them. Syngenta Crop Protection, Inc. v. Helliker, 138 Cal. App.4th 1135, 1172-1173, 42 Cal. Rptr.3d 191 (Cal. App. 2006)
either derived from or used to commit a violation of this chapter.

§ 1835. Orders to preserve confidentiality

(a) IN GENERAL.—In any prosecution or other proceeding under this chapter, the court shall enter such orders and take such other action as may be necessary and appropriate to preserve the confidentiality of trade secrets, consistent with the requirements of the Federal Rules of Criminal and Civil Procedure, the Federal Rules of Evidence, and all other applicable laws. An interlocutory appeal by the United States shall lie from a decision or order of a district court authorizing or directing the disclosure of any trade secret.

(b) RIGHTS OF TRADE SECRET OWNERS.—The court may not authorize or direct the disclosure of any information the owner asserts to be a trade secret unless the court allows the owner the opportunity to file a submission under seal that describes the interest of the owner in keeping the information confidential. No submission under seal made under this subsection may be used in a prosecution under this chapter for any purpose other than those set forth in this section, or otherwise required by law. The provision of information relating to a trade secret to the United States or the court in connection with a prosecution under this chapter shall not constitute a waiver of trade secret protection, and the disclosure of information relating to a trade secret in connection with a prosecution under this chapter shall not constitute a waiver of trade secret protection unless the trade secret owner expressly consents to such waiver.


REFERENCES IN TEXT

The Federal Rules of Criminal Procedure, referred to in subsec. (a), are set out in the Appendix to this title.

The Federal Rules of Civil Procedure, referred to in subsec. (a), are set out in the Appendix to Title 28, Judiciary and Judicial Procedure.

The Federal Rules of Evidence, referred to in subsection (a), are set out in the Appendix to Title 28.

AMENDMENTS


§ 1836. Civil proceedings

(a) The Attorney General may, in a civil action, obtain appropriate injunctive relief against any violation of this chapter.

(b) PRIVATE CIVIL ACTIONS.—

(1) IN GENERAL.—An owner of a trade secret that is misappropriated may bring a civil action under this subsection if the trade secret is related to a product or service used in, or intended for use in, interstate or foreign commerce.

(2) CIVIL SEIZURE.—

(A) IN GENERAL.—

(i) APPLICATION.—Based on an affidavit or verified complaint satisfying the requirements of this paragraph, the court may, upon ex parte application but only in extraordinary circumstances, issue an order providing for the seizure of property necessary to prevent the propagation or dissemination of the trade secret that is the subject of the action.

(ii) REQUIREMENTS FOR ISSUING ORDER.—The court may not grant an application under clause (i) unless the court finds that it clearly appears from specific facts that—

(I) an order issued pursuant to Rule 65 of the Federal Rules of Civil Procedure or another form of equitable relief would be inadequate to achieve the purpose of this paragraph because the party to which the order would be issued would evade, avoid, or otherwise not comply with such an order;

(II) an immediate and irreparable injury will occur if such seizure is not ordered;

(III) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application and substantially outweighs the harm to any third parties who may be harmed by such seizure;

(IV) the applicant is likely to succeed in showing that—

(aa) the information is a trade secret; and

(bb) the person against whom seizure would be ordered—

(AA) misappropriated the trade secret of the applicant by improper means; or

( BB) conspired to use improper means to misappropriate the trade secret of the applicant;

(V) the person against whom seizure would be ordered has actual possession of—

(aa) the trade secret; and

(bb) any property to be seized;

(VI) the application describes with reasonable particularity the matter to be seized and, to the extent reasonable under the circumstances, identifies the location where the matter is to be seized;

(VII) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person; and

(VIII) the applicant has not publicized the requested seizure.

(B) ELEMENTS OF ORDER.—If an order is issued under subparagraph (A), it shall—

(i) set forth findings of fact and conclusions of law required for the order;

(ii) provide for the narrowest seizure of property necessary to achieve the purpose of this paragraph and direct that the seizure be conducted in a manner that minimizes any interruption of the business operations of third parties and, to the extent possible, does not interrupt the legitimate
business operations of the person accused of misappropriating the trade secret;

(iii) (I) be accompanied by an order protecting the seized property from disclosure by prohibiting access by the applicant or the person against whom the order is directed, and prohibiting any copies, in whole or in part, of the seized property, to prevent undue damage to the party against whom the order has issued or others, until such parties have an opportunity to be heard in court; and

(ii) provide that if access is granted by the court to the applicant or the person against whom the order is directed, the access shall be consistent with subparagraph (D);

(iv) provide guidance to the law enforcement officials executing the seizure that clearly delineates the scope of the authority of the officials, including—

(I) the hours during which the seizure may be executed; and

(II) whether force may be used to access locked areas;

(v) set a date for a hearing described in subparagraph (F) at the earliest possible time, and not later than 7 days after the order has issued, unless the party against whom the order is directed and others harmed by the order consent to another date for the hearing, except that a party against whom the order has issued or any person harmed by the order may move the court for a determination to dissolve or modify the order after giving notice to the applicant who obtained the order; and

(vi) require the person obtaining the order to provide the security determined adequate by the court for the payment of damages that any person may be entitled to recover as a result of a wrongful or excessive seizure or wrongful or excessive attempted seizure under this paragraph.

(C) PROTECTION FROM PUBLICITY.—The court shall take appropriate action to protect the person against whom an order under this paragraph is directed from publicity, by or at the behest of the person obtaining the order, about such order and any seizure under such order.

(D) MATERIALS IN CUSTODY OF COURT.—

(i) IN GENERAL.—Any materials seized under this paragraph shall be taken into the custody of the court. The court shall secure the seized material from physical and electronic access during the seizure and while in the custody of the court.

(ii) STORAGE MEDIUM.—If the seized material includes a storage medium, or if the seized material is stored on a storage medium, the court shall prohibit the medium from being connected to a network or the Internet without the consent of both parties, until the hearing required under subparagraph (B)(v) and described in subparagraph (F).

(iii) PROTECTION OF CONFIDENTIALITY.—The court shall take appropriate measures to protect the confidentiality of seized materials that are unrelated to the trade secret information ordered seized pursuant to this paragraph unless the person against whom the order is entered consents to disclosure of the material.

(iv) APPOINTMENT OF SPECIAL MASTER.—The court may appoint a special master to locate and isolate all misappropriated trade secret information and to facilitate the return of unrelated property and data to the person from whom the property was seized. The special master appointed by the court shall agree to be bound by a nondisclosure agreement approved by the court.

(E) SERVICE OF ORDER.—The court shall order that service of a copy of the order under this paragraph, and the submissions of the applicant to obtain the order, shall be made by a Federal law enforcement officer who, upon making service, shall carry out the seizure under the order. The court may allow State or local law enforcement officials to participate, but may not permit the applicant or any agent of the applicant to participate in the seizure. At the request of law enforcement officials, the court may allow a technical expert who is unaffiliated with the applicant and who is bound by a court-approved non-disclosure agreement to participate in the seizure if the court determines that the participation of the expert will aid the efficient execution of and minimize the burden of the seizure.

(F) SEIZURE HEARING.—

(i) DATE.—A court that issues a seizure order shall hold a hearing on the date set by the court under subparagraph (B)(v).

(ii) BURDEN OF PROOF.—At a hearing held under this subparagraph, the party who obtained the order under subparagraph (A) shall have the burden to prove the facts supporting the findings of fact and conclusions of law necessary to support the order. If the party fails to meet that burden, the seizure order shall be dissolved or modified appropriately.

(iii) DISMISSAL OR MODIFICATION OF ORDER.—A party against whom the order has been issued or any person harmed by the order may move the court at any time to dissolve or modify the order after giving notice to the party who obtained the order.

(iv) DISCOVERY TIME LIMITS.—The court may make such orders modifying the time limits for discovery under the Federal Rules of Civil Procedure as may be necessary to prevent the frustration of the purposes of a hearing under this subparagraph.

(G) ACTION FOR DAMAGE CAUSED BY WRONGFUL SEIZURE.—A person who suffers damage by reason of a wrongful or excessive seizure under this paragraph has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to the same relief as is provided under section 34(d)(11) of the Trademark Act of 1946 (15 U.S.C. 1118(d)(11)).
posted with the court under subparagraph (B)(vi) shall not limit the recovery of third parties for damages.

(H) MOTION FOR ENCRYPTION.—A party or a person who claims to have an interest in the subject matter seized may make a motion at any time, which may be heard ex parte, to encrypt any material seized or to be seized under this paragraph that is stored on a storage medium. The motion shall include, when possible, the desired encryption method.

(3) REMEDIES.—In a civil action brought under this subsection with respect to the misappropriation of a trade secret, a court may—

(A) grant an injunction—

(i) to prevent any actual or threatened misappropriation described in paragraph (I) on such terms as the court deems reasonable, provided the order does not—

(I) prevent a person from entering into an employment relationship, and that conditions placed on such employment shall be based on evidence of threatened misappropriation and not merely on the information the person knows; or

(II) otherwise conflict with the applicable State law prohibiting restraints on the practice of a lawful profession, trade, or business;

(ii) if determined appropriate by the court, requiring affirmative actions to be taken to protect the trade secret; and

(III) in exceptional circumstances that render an injunction inequitable, that conditions future use of the trade secret upon payment of a reasonable royalty for no longer than the period of time for which such use could have been prohibited;

(B) award—

(i) (i) damages for actual loss caused by the misappropriation of the trade secret;

and

(ii) damages for any unjust enrichment caused by the misappropriation of the trade secret that is not addressed in computing damages for actual loss; or

(ii) in lieu of damages measured by any other methods, the damages caused by the misappropriation measured by imposition of liability for a reasonable royalty for the misappropriator’s unauthorized disclosure or use of the trade secret;

(C) if the trade secret is willfully and maliciously misappropriated, award exemplary damages in an amount not more than 2 times the amount of the damages awarded under subparagraph (B) and

(D) if a claim of the misappropriation is made in bad faith, which may be established by circumstantial evidence, a motion to terminate an injunction is made or opposed in bad faith, or the trade secret was willfully and maliciously misappropriated, award reasonable attorney’s fees to the prevailing party.

(c) JURISDICTION.—The district courts of the United States shall have original jurisdiction of civil actions brought under this section.

(d) PERIOD OF LIMITATIONS.—A civil action under subsection (b) may not be commenced later than 3 years after the date on which the misappropriation with respect to which the action would relate is discovered or by the exercise of reasonable diligence should have been discovered. For purposes of this subsection, a continuing misappropriation constitutes a single claim of misappropriation.


REFERENCES IN TEXT


AMENDMENTS


Subsecs. (b) to (d). Pub. L. 114–153, §2(a), added subsecs. (b) to (d) and struck out former subsec. (b) which read as follows: ‘‘The district courts of the United States shall have exclusive original jurisdiction of civil actions under this section.’’

2002—Subsec. (a). Pub. L. 107–273, §4002(c)(9)(A), substituted “this chapter” for “this section”.

Subsec. (b). Pub. L. 107–273, §4002(c)(9)(B), substituted “this section” for “this subsection”.

EFFECTIVE DATE OF 2016 AMENDMENT

Amendment by Pub. L. 114–153 applicable with respect to any misappropriation of a trade secret (as defined in section 1839 of this title) for which any act occurs on or after May 11, 2016, see section 2(c) of Pub. L. 114–153, set out as a note under section 1839 of this title.

§1837. Applicability to conduct outside the United States

This chapter also applies to conduct occurring outside the United States if—

(1) the offender is a natural person who is a citizen or permanent resident alien of the United States, or an organization organized under the laws of the United States or a State or political subdivision thereof; or

(2) an act in furtherance of the offense was committed in the United States.


§1838. Construction with other laws

Except as provided in section 1833(b), this chapter shall not be construed to preempt or displace any other remedies, whether civil or criminal, provided by United States Federal, State, commonwealth, possession, or territory law for the misappropriation of a trade secret, or to affect the otherwise lawful disclosure of information by any Government employee under section 552 of title 5 (commonly known as the Freedom of Information Act).


AMENDMENTS

2016—Pub. L. 114–153 substituted “Except as provided in section 1833(b), this chapter” for “This chapter.”
b. Under this subdivision, the current value of the written lease equals the total amount for which that lease obligates the consumer during the period of the lease remaining after its early termination, plus the motorized wheelchair dealer's early termination costs and the value of the motorized wheelchair at the lease expiration date if the lease sets forth that value, less the motorized wheelchair lessor's early termination savings.

c. Under this subdivision, a reasonable allowance for use may not exceed the amount obtained by multiplying the total amount for which the written lease obligates the consumer by a fraction, the denominator of which is 1,825 and the numerator of which is the number of days that the consumer drove the motorized wheelchair before first reporting the nonconformity to the manufacturer, motorized wheelchair lessor or motorized wheelchair dealer.

(c) To receive a comparable new motorized wheelchair or a refund due under par. (b) 1. or 2., a consumer described under sub. (1) (b) 1., 2. or 3. shall offer to the manufacturer of the motorized wheelchair having the nonconformity to transfer possession of that motorized wheelchair to that manufacturer. No later than 30 days after that offer, the manufacturer shall provide the consumer with the comparable new motorized wheelchair or refund. When the manufacturer provides the new motorized wheelchair or refund, the consumer shall return the motorized wheelchair having the nonconformity to the manufacturer, along with any endorsements necessary to transfer real possession to the manufacturer.

(d) 1. To receive a refund due under par. (b) 4., a consumer described under sub. (1) (b) 4. shall offer to return the motorized wheelchair having the nonconformity to its manufacturer. No later than 30 days after that offer, the manufacturer shall provide the refund to the consumer. When the manufacturer provides the refund, the consumer shall return to the manufacturer the motorized wheelchair having the nonconformity.

2. To receive a refund due under par. (b) 3., a motorized wheelchair lessor shall offer to transfer possession of the motorized wheelchair having the nonconformity to its manufacturer. No later than 30 days after that offer, the manufacturer shall provide the refund to the motorized wheelchair lessor. When the manufacturer provides the refund, the motorized wheelchair lessor shall provide to the manufacturer any endorsements necessary to transfer legal possession to the manufacturer.

3. No person may enforce the lease against the consumer after the consumer receives a refund due under par. (b) 3.

(e) No motorized wheelchair returned by a consumer or motorized wheelchair lessor in this state under par. (b), or by a consumer or motorized wheelchair lessor in another state under a similar law of that state, may be sold or leased again in this state unless full disclosure of the reasons for return is made to any prospective buyer or lessee.

(4) This section does not limit rights or remedies available to a consumer under any other law.

(5) Any waiver by a consumer of rights under this section is void.

(6) In addition to pursuing any other remedy, a consumer may bring an action to recover for any damages caused by a violation of this section. The court shall award a consumer who prevails in such an action twice the amount of any pecuniary loss, together with costs, disbursements and reasonable attorney fees, and any equitable relief that the court determines is appropriate.

History: 1991 a. 222.

134.90 Uniform trade secrets act.

(1) DEFINITIONS. In this section:

(a) "Improper means" includes espionage, theft, bribery, misrepresentation and breach or inducement of a breach of duty to maintain secrecy.

(b) "Readily ascertainable" information does not include information accessible through a license agreement or by an employee under a confidentiality agreement with his or her employer.

(c) "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.
(2) MISAPPROPRIATION. No person, past, present, or future, may misappropriate or threaten to misappropriate a trade secret by doing any of the following:

(a) Acquiring the trade secret of another by means which the person knows or has reason to know constitute improper means.

(b) Disclosing or using without express or implied consent a trade secret of another if the person did any of the following:
   1. Used improper means to acquire knowledge of the trade secret.
   2. At the time of disclosure or use, knew or had reason to know that he or she obtained knowledge of the trade secret through any of the following means:
      a. Deriving it from or through a person who utilized improper means to acquire it.
      b. Acquiring it under circumstances giving rise to a duty to maintain its secrecy or limit its use.
      c. Deriving it from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use.
      d. Acquiring it by accident or mistake.

(3) INJUNCTIVE RELIEF.

(a) A court may grant an injunction against a person who violates sub. (2). Chapter 813 governs any temporary or interlocutory injunction or ex parte restraining order in an action under this section, except that no court may issue such an injunction or restraining order unless the complainant makes an application which includes a description of each alleged trade secret in sufficient detail to inform the party to be enjoined or restrained of the nature of the complaint against that party or, if the court so orders, includes written disclosure of the trade secret. The complainant shall serve this application upon the party to be enjoined or restrained at the time the motion for the injunction is made or the restraining order is served, whichever is earlier.

2. Except as provided in subd. 3., upon application to the court, the court shall terminate an injunction when a trade secret ceases to exist.

3. The court may continue an injunction for a reasonable period of time to eliminate commercial advantage which the person who violated sub. (2) otherwise would derive from the violation.

(b) In exceptional circumstances, an injunction granted under par. (a) may condition future use of a trade secret by the person who violated sub. (2) upon payment of a reasonable royalty by that person to the owner of the trade secret for no longer than the period of time for which the court may enjoin or restrain the use of the trade secret under par. (a). Exceptional circumstances include a material and prejudicial change of position, prior to acquiring knowledge or reason to know of a violation of sub. (2), that renders an injunction inequitable.

(c) In appropriate circumstances, the court may order affirmative acts to protect a trade secret.

(4) DAMAGES.

(a) Except to the extent that a material and prejudicial change of position prior to acquiring knowledge or reason to know of a violation of sub. (2) renders a monetary recovery inequitable, a court may award damages to the complainant for a violation of sub. (2). A court may award damages in addition to, or in lieu of, injunctive relief under sub. (3). Damages may include both the actual loss caused by the violation and unjust enrichment caused by the violation that is not taken into account in computing actual loss. Damages may be measured exclusively by the imposition of liability for a reasonable royalty for a violation of sub. (2) if the complainant cannot by any other method of measurement prove an amount of damages which exceeds the reasonable royalty.

(b) If a violation of sub. (2) is willful and malicious, the court may award punitive damages in an amount not exceeding twice any award under par. (a).

(c) If a claim that sub. (2) has been violated is made in bad faith, a motion to terminate an injunction is made or resisted in bad faith, or a violation of sub. (2) is willful and deliberate, the court may award reasonable attorney fees to the prevailing party.

(5) PRESERVATION OF SECRECY. In an action under this section, a court shall preserve the secrecy of an alleged trade secret by reasonable means, which may include granting a protective order in a discovery proceeding, holding an in-camera hearing, sealing the record of the action and ordering any person involved in the action not to disclose an alleged trade secret without prior court approval.

(6) EFFECT ON OTHER LAWS.
(a) Except as provided in par. (b), this section displaces conflicting tort law, restitutionary law and any other law of this state providing a civil remedy for misappropriation of a trade secret.

(b) This section does not affect any of the following:

1. Any contractual remedy, whether or not based upon misappropriation of a trade secret.
2. Any civil remedy not based upon misappropriation of a trade secret.
3. Any criminal remedy, whether or not based upon misappropriation of a trade secret.

(7) Uniformity of Application and Construction. This section shall be applied and construed to make uniform the law relating to misappropriation of trade secrets among states enacting substantially identical laws.

History: 1985 a. 236.

NOTE: 1985 Wis. Act 236, which created this section, contains extensive notes describing this section and other sections affected by Act 236.

Some factors to be considered in determining whether given information is one's trade secret are: 1) the extent to which the information is known outside of his or her business; 2) the extent to which it is known by employees and others involved in his or her business; 3) the extent of measures taken by him or her to guard the secrecy of the information; 4) the value of the information to him or her and to his competitors; 5) the amount of effort or money expended by him or her in developing the information; 6) the ease or difficulty with which the information could be properly acquired or duplicated by others. Minuteman, Inc. v. Alexander, 147 Wis. 2d 842, 434 N.W.2d 773 (1989).

A party asserting a trade secret need not spell out details that would destroy what the party seeks to protect, but the party must include with some specificity the nature of the trade secret that is more than a generalized allegation that there is a trade secret. ECT International, Inc. v. Zwerlein, 228 Wis. 2d 343, 597 N.W.2d 479 (Ct. App. 1999), 98-2041.

By limiting the period in which an employee agrees not to divulge trade secrets, an employer manifests its intent that there is no need to maintain the secrecy after the specified period. ECT International, Inc. v. Zwerlein, 228 Wis. 2d 343, 597 N.W.2d 479 (Ct. App. 1999), 98-2041.

Under sub. (4), “actual loss caused by the violation” may include losses that result when a misappropriator uses a trade secret unsuccessfully and produces and sells a defective product that causes the plaintiff's business to suffer. World Wide Prosthetic Supply, Inc. v. Mikulsky, 2002 WI 26, 251 Wis. 2d 45, 640 N.W.2d 764, 00-1751.

Subs. (6) (a) and (b) 2. together do the following: 1) replace all pre-existing definitions of trade secret and remedies for tort claims dependent solely on the existence of a specific class of information statutorily defined as trade secrets; and 2) leave available all other types of civil actions that do not depend on information that meets the statutory definition of a trade secret. Therefore, any civil tort claim not grounded in a trade secret, as defined in the statute, remains available. Burbank Grease Services, LLC v. Sokolowski, 2006 WI 103, 294 Wis. 2d 274, 717 N.W.2d 781, 04-0468.

Although a court may grant injunctive relief against a person who misappropriated a trade secret, the injunction should only be for a period reasonable to eliminate commercial advantage that the person who misappropriated the secret would otherwise derive from the violation. Once the defendant would have discovered the trade secret without the misappropriation, any lost profits from that time forward are not caused by the defendant's wrongful act. Minnesota Mining and Manufacturing Company v. Pribyl, 259 F.3d 587 (2001).

Nondisclosure agreements under sub. (6) between suppliers and users of intellectual property are not subject to rules that govern noncompete agreements between employers and employees. A much greater scope of restraint is allowed in contracts between vendors and vendees than between employers and employees. IDX Systems Corp. v. Epic Systems Corp. 285 F.3d 581 (2002).

An independent contractor presumptively owns his or her work product. In the absence of an agreement, non-exclusivity is the norm. The law of trade secrets follows the same approach to ownership. Wisconsin does not require an express, written contract of confidentiality. An independent contractor does not acquire any rights in his or his client's trade-secret data just because he or she used those data in the performance of his or her duties. Breach of an implicit promise to hold information for the client's sole benefit in turn violates sub. (2) (a). Hicklin Engineering, L.C. v. Bartell, 439 F.3d 346 (2006).

This section does not require absolute secrecy, but one who claims a trade secret must exercise eternal vigilance in protecting its confidentiality. In determining whether companies have fulfilled this requirement, Wisconsin courts consider whether the company negotiated confidentiality agreements, kept documents locked up, limited access to information, restricted building access, denoted documents as confidential, informed individuals that information was confidential, and allowed individuals to keep information after the business relationship had ended. Starsurgical Inc. v. Apera, LLC, 40 F. Supp. 3d 1069 (2014).


134.91 Sale of dextromethorphan to a minor without prescription prohibited.

(1) Definitions. In this section:

(a) “Drug” has the meaning given in s. 450.01 (10).

(b) “Prescription order” has the meaning given in s. 450.01 (21).

(2) Prohibitions.