

- Trade Secrets:

Review (cont.)



- Trade Secret

- Information (technical or otherwise) that:
 - 1. “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
 - 2. “Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.”

- Could be what you pay employees, customer lists, recipes (non technical things can qualify as trade secrets)

Review (cont.)



- Trade Secrets

- *Mallet v. Lacayo* – must be identified with specificity; “know-how” must be distinguished from secrets of employer
- *Rockwell v. DEV* – reasonable measures must be taken to protect secrets

- Know how is different than trade secrets

Review (cont.)



- Trade secret misappropriation
 - Acquisition illegal in two situations:
 - 1. Improper means – *DuPont v. Christopher*
 - 2. Breach of confidence – *Smith v. Dravo*
- Reverse engineering permissible
- Trade secrets and inevitable disclosure – *PepsiCo v. Redmond*

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- Improper means would be like hacking into someones system and stealing their customer list
- Breach of confidence is like when an employee steals confidential info
- If it is possible to reverse engineer something, then its permissible for use of the trade secret. that is not stealing the trade secret

Patents vs. Trade Secrets



- Patents
 - Limited term
 - Public disclosure required (published applications and issued patents)
- Trade secrets
 - Unlimited term, as long as secrecy maintained
 - Protection can be lost
 - Disclosure generally destroys protection (unless due to misappropriation)
 - Reverse engineering

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Remedies for Trade Secret Misappropriation



- Uniform Trade Secrets Act
 - § 2
 - Actual or threatened misappropriation may be enjoined
 - If prohibition on future use unreasonable, injunction may be conditioned upon reasonable royalty for as long as unauthorized use could have been prohibited
 - § 3
 - Damages for actual loss; also, unjust enrichment possible
 - Exemplary damages possible
 - § 4
 - If misappropriation claim made in bad faith or if motion to terminate injunction is made or resisted in bad faith or if willful misappropriation exists, attorney's fees may awarded

Remedies for Trade Secret Misappropriation (cont.)



- Criminal liability for trade secret misappropriation
 - Economic Espionage Act of 1996, 18 U.S.C. § 1831 *et seq.*
 - Punishment for a person who steals information

Trademark

Protection Based on Strength of Mark (4 Categories) - NEED TO GIVE EXAMPLES, may be asked to analyze a trademark and trademark infringement:

- Fanciful (e.g. Lexus) or arbitrary (e.g. Apple Computer)
 - inherently distinctive - protectable

- Suggestive (e.g, Speedo Swimsuits)
 - Inherently distinctive - protectable
- Descriptive (e.g. Mike's Bar and Grill)
 - Protectable only with acquired distinctiveness (also known as secondary meaning)
- Generic (e.g. Milk for beverage from cows)
 - Never protectable

Fair Use in Trademark Law (need to research this more):

- If the mark is descriptive, you are allowed to use the name in a way that describes your goods and services
- Think of the Fish-Fri and Chick-Fri case (Zatarain's Inc v. Oak Grove Smokehouse)
 - District court held that Oak Grove had "fair use" defense to assert infringement of "Fish-Fri", but trademark registration for "Chick-Fri" should be cancelled.
 - Generic terms can never be registered and if terms become generic they can lose their protection (aspirin, Cellophane)
 - The issue here was that Chick-Fri was generic, but Fish-Fri was not.

Risk of Genericness in Trademarks:

- If a trademark becomes generic, it is dead (aspirin, elevator, escalator)
- There was a court case arguing that Google had become generic, but the court decided it was not. This is a risk for companies.

Establishment of Trademark Rights - Distinctiveness of Product Configuration

- Product configuration protectable only when there is acquired distinctiveness (Qualitex Co. v Jacobson)
 - Qualitex Co. v. Jacobson will be on exam by name.
 - Qualitex used a special shade of green-gold color on pads sold to dry cleaning firms since 1950's
 - in 1989, Jacobson started selling its own press pads using similar color
 - In 1991, Qualitex registered color with USPTO
 - Qualitex won in district court but lost in 9th circuit. Supreme court reversed 9th circuit so Qualitex won in the end.
 - Shape of coke bottle, NBC 3 chime, scent have all been registered

Walmart v. Samara Brothers (need to research this) (also about distinctiveness of product configuration)

- Suit by Samara Brothers against walmart for infringement of unregisstered trade dress under section 1125(a) for "knockoff" clothing
- Distinctiveness in two ways:
 - Inherently: "intrinsic nature serves to identify a particular source"
 - Developed Secondary Meaning: "occurs when, in the minds of the public, the primary significance of a mark is to identify the source of the product rather than the product itself"
- "A products design is distinctive and therefore protectable only upon a showing of secondary meaning"

Functionality is Prohibited in Trademark

- Traffix Devices inc V Marketing Displays
 - MDI asserts TDI infringed it trade dress in dual-spring design for road signs
 - MDI had an expired patent for the technology, and then tried to use trademark to defend its product
 - However, trademark can not be applied to functional item. No trade dress for MDI. The fact that MDI had a patent shows on its own that the spring design was functional.

Priority in Trademark

- Being first to use a distinctive mark in commerce is key. You dont need to be first with a trademark application on file, you have to be first to use the mark in commerce.
 - Determination of ownership under common law under Lanham Act base on priority

Intent to use applications

- You can under certain circumstances file for and have allowed an application for a mark you haven't started using yet.
 - This allows people who have a "bona-fide" or good faith intention to use the trademark to reserve it for use in the near future. Then once you prove to the trademark office you are using it, it then can turn into an issued trademark.

Advantages of Federal Registration (WILL BE ON EXAM):

- Nationwide constructive use and constructive notice
- After 5 years, incontestability possible
- Right to file suit in federal court
- Right to request that customs officials bar importation of goods bearing infringing marks
- Treble damages, attorney fees, and other remedies.

Geographic marks

- You cannot get a registered trademark if it is primarily geographically descriptive OR primarily geographically mis-descriptive.
 - However, if you have acquired distinctiveness, then you can.

Trademark infringement Threshold - Use

- For trademark protection, and owner must use a mark in commerce

Trademark infringement - Likelihood of confusion

- AMF v. Sleekcraft (THE EIGHT FACTORS, will likely have to apply these factors on exam)
 - the strength of the mark
 - proximity of goods
 - similarity of marks
 - evidence of actual confusion
 - marketing channels used
 - Type of goods and degree of care likely to be exercised by purchaser
 - defendants intent on electing mark
 - likelihood of expansion of product lines

THE REVIEW SLIDES HAVE THINGS THAT WILL LIKELY BE ON EXAM

Trademark dilution (need to understand this)

- The mark has to be famous.
- Dilution by Blurring (need to know)
- Dilution by Tarnishment (need to know)

Anticybersquatter consumer protection act

- A bad faith intent to profit from a mark - by registering trafficking in or using a domain name that is identical or confusingly similar to distinctive mark or identical or confusingly similar to or dilutive of famous mark
 - These are in rem actions (court has authority over the domain name itself)