

The Relationship and Differences Between Patents and Trade Secrets

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The best practices noted above for protecting inventions earmarked for patenting apply even stronger in the case of trade secrets. Among trademarks, copyrights and trade secrets, trade secrets are more analogous to patents than any other kind of intellectual property asset. Indeed, before information becomes part of a published patent application, it is effectively a trade secret. Moreover, what is revealed in a patent or patent application can affect whether information is trade secret - therefore, understanding the difference between the two is key.

Trade secrets last indefinitely, as long as they are kept secret. Patents have a limited term as set by the patent laws. Perhaps, the most famous trade secret is the formula for Coke. Had Coca-Cola chosen to patent that formula, Coca-Cola's rights to that formula would have been lost long ago. The same is true for the Colonel's secret recipe. This is because for one to get a patent for an invention, one must disclose how to make and use the invention to the Patent and Trademark Office which will in turn publish the patent application or the resulting patent. Once this publication takes place, the information in the patent application or patent is available to the general public. Therefore, a patent or published patent application will extinguish a trade secret.

Patents cost money in the form of filing fees (and usually attorneys' fees) to obtain and maintain; this is not necessarily the case for trade secrets. With trade secrets the typical expenses involved relate to establishing security measures for sensitive information, educating employees about the sensitivity of the information, having employees or collaborating companies sign appropriate agreements and prosecuting those entities that try to misappropriate or use trade secret information.

A patent owner can pick and choose which infringers it wants to sue. The owner of a trade secret that has been misappropriated must stop all persons using the trade secret or the information will lose its trade secret status. Critically, even though information may have economic value, it cannot be trade secret if it is publicly known or generally available.

With patents one must disclose how to make and use the invention in order to get exclusive right to invention for limited time. With a trade secret, disclosure is fatal. Hence, you cannot claim both a patent and trade secrets on same technology. Trade secrets are

creatures of state law. This distinguishes trade secrets from patents, trademarks and copyrights which are either exclusively (patents or copyrights) or predominantly (marks) protected by federal law.

While patents can be used to prevent anyone from using your inventions, trade secret law only protects one from using your information/invention if the subject information was "misappropriated." Trade secret law does not protect against reverse engineering or independent creation. Thus, two or more different entities can conceivably own the same trade secret at the same time.

Not every business will own a patent. Nor will every business own a copyright. Many, but not all, will have trademarks, service marks or trade dress. But every business will (or should) have trade secrets. If there is a business that does not own trade secrets, likely it will not be in business very long.

Don V. Kelly
Evans & Dixon, LLC
Suite 2500
211 North Broadway
St. Louis, Missouri 63102
dkelly@evans-dixon.com