Classical decision between patents and trade secrets

- Risk of reverse engineering
- Projected period of value
- Patent strength
- Critical need to use the invention (avoid forfeiture or later patentee)
- Costs to procure and maintain
- Value of patent as leverage or message
Increasing anxiety over patent rights

- Patent scope narrows in some technologies
  - KSR, Bilski, Mayo, Nautilus, Alice
- Patent enforcement becomes more difficult and risky
  - eBay, Sandisk, LaserDynamics, Octane Fitness
- AIA introduces new ways to challenge patent validity
- Patents remain valuable, but focus now on quality
• Best mode requirement now toothless
• Forfeiture doctrine almost certainly dead
• Prior user rights extended to all technologies
• Result: lowered trade secret anxiety
What animated the DTSA

- Growing importance of data as an asset
- Shift from local, paper to global, digital
- Trade secret rights not territorial; they travel
- Federal courts can provide procedural advantage
Features of the DTSA

- Essentially the same as UTSA and TRIPS
- Does not preempt state law; choose one or both
- Seizure provisions caused angst, but are seldom used
- Threatened misappropriation by departing employees
- Whistleblower immunity
- For most cases, state court may still be the better choice
DTSA effects on the patent/TS choice

- DTSA provides stronger, more reliable enforcement
- DTSA has significant extraterritorial reach
- Management attention focused on secrecy
Recent trade secret litigation outcomes and filings

Miller v. Caterpillar  
(E.D. Ill. Dec. 2015)  
$74 million

Epic Systems v. Tata  
(W.D. Wisc. Apr. 2016)  
$940 million

Move v. Zillow  
(Wash. June 2016)  
$130 million settlement

U.S. Steel v. Chinese companies  
(ITC May 2016)  
Alleged price fixing informed by government hacking

Space Data v. Google  
(DTSA filing June 2016)  
2007 visit with exposure to confidential information
Thank you.

James Pooley
jpooley@orrick.com
+1 650 285 8520