

BE CAREFUL WHAT YOU WISH FOR: TRADE SECRETS AND THE AMERICA INVENTS ACT

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In 1974, numerous businesses and practicing lawyers anxiously awaited the decision of the U.S. Supreme Court in *Kewanee v. Bicron Oil Corp.* (See *The Evolution of Trade Secret Law and Why Courts Commit Error When They Do Not Follow the Uniform Trade Secrets Act*, 33 Hamline L. Rev. 493 (2010).) At issue was whether the preemption principles that had been announced ten-years earlier in the famous *Sears/Compco* cases would be applied to preempt state trade secret law. A collective sigh of relief was heard among the business community and practicing bar when the U.S. Supreme Court ruled that state trade secret law was not preempted by U.S. patent law. Since that time, it has been assumed that trade secret law and patent law can co-exist. This paper examines whether this assumption is still accurate in light of the recent adoption of the Leahy-Smith America Invents Act (the AIA) and the changes it has wrought to patentable information that is held in secrecy.

In a previous article, *Kewanee Revisted: Returning to First Principles of Intellectual Property Law to Determine the Issue of Federal Preemption*, 12 Marquette Intellectual Prop. L. Rev. 299 (2008), I explored whether the underlying reasoning of *Kewanee* continued to be viable in light of post-1974 changes to the scope of patent and copyright protection. I concluded that although the result of *Kewanee* was still correct, its underlying reasoning did not withstand the test of time. I was particularly concerned with the preemption analysis “as applied” and argued that when trade secret law is properly limited (as defined by the Court in *Kewanee*), it is not likely to be preempted by patent and copyright law. This does not mean, however, that individual trade secret claims can never be preempted.

My concern in this article is different from the concern that animated my earlier work. The question that this article seeks to answer is: In light of the AIA can it still be argued, as the Court in *Kewanee* stressed, that inventors are more likely to choose patent law over trade secret law? Or do the changes to the definition of “prior art” under the AIA make it more likely that businesses will choose to protect their information as trade secrets?

Before the adoption of the AIA, businesses arguably faced a clearer choice between trade secret protection and patent protection because secret uses of putative trade secret information would count as prior art for purposes of determining the patentability of an invention. The classic case that illustrates this principle involved oil drilling technology. (See *Rosaire v. National Lead Co.*, 218 F.2d 72 (5th Cir. 1955).) Although the invention was not visible to passers-by because it was used underground, the open and non-secretive performance of drilling operations within the United States met the “known and used” limitation of 35 U.S.C. § 102(a) and served to invalidate the plaintiff’s

patent. This language no longer exists under the AIA, raising the issue whether it can still be assumed that most inventors will choose patent protection over trade secret protection when it is available.

In order to answer the foregoing question it is necessary for me to surmise (like the Court in *Kewanee* did) how a reasonable inventor might act given the choice of patent and trade secret protection in the post-AIA era. Fortunately, unlike the *Kewanee* Court, I need not rely upon simple logic or the assumed value of patents since numerous studies concerning inventor motivations now exist to strengthen my analysis. However, because the AIA has only recently been adopted and has yet to go into full-effect, it is anyone's guess how it will ultimately play out. Hopefully, this article will assist businesses and their lawyers to make the optimal choice between patent and trade secret protection.