

Expired Secrets

Camilla A. Hrdy

*Associate Professor of Law, University of Akron School of Law
Affiliated Fellow, Yale Law School Information Society Project*

Here is something odd. Patents do not require the inventor to practice the covered invention, let alone use it in a business. But getting a patent requires disclosing the invention to the public, along with the details that a hypothetical “person having ordinary skill in the art” needs to practice it. What is more, patents expire after twenty years, after which time others are free to use the invention or improve upon it. Trade secrets are different. Like patents, trade secrets can encompass information that is not reduced to practice in the patent law sense and that has not yet been used commercially in a business. But unlike patents, trade secrets do not have to be disclosed to the public and do not expire after a set period of time. So long as the trade secret remains secret, and the trade secret owner takes reasonable measures to keep it that way, protection—it is often said—lasts forever. This raises a problem for public welfare. While the patent record piles up, representing a detailed history of technological advancement, and technological failure, trade secret information remains unknown and unknowable, because it is entirely possible for a company or group of companies to claim information as trade secrets and never disclose it to the public.

This article challenges the assumption that trade secrets do not expire so long as they are kept secret. A trade secret’s expiration date is not, like a patent’s, a fixed term of years. Rather, a trade secret’s expiration date is like a trademark’s. Trademarks expire when they are no longer used in commerce, at which point the trademark is deemed legally abandoned. This article shows that, counterintuitively, these general principles apply to trade secret law as well, except instead of a blunt “use” requirement, trade secret law has adopted the benchmark of “independent economic value”—which is derived from the common law concept of “competitive advantage”—in order to set a trade secret’s end date. An underexplored implication of trade secret law’s independent economic value requirement is that a trade secret expires once its owner no longer derives a competitive advantage from the fact that others do not know the information.

The catch is not whether trade secret owners have legal rights in this obsolete technological information. They do not, at least under trade secret law. Rather, the catch is how this information will ever reach the public. Freedom of Information Act requests provide one obvious mechanism for disclosure, when it comes to information provided to the government. But this article goes further, arguing that—just as competitors are free to use trademark terms that the owner has abandoned—employees who lawfully gained access to their employer’s trade secrets are free to disclose those trade secrets once they expire, without legal recrimination under trade secret law.

The article proposes that courts adopt a trademark-inspired framework when assessing cases involving potentially expired secrets that the owner seeks to enforce against former employees or others who lawfully obtained the information. If a business has stopped using, or has never used, a trade secret in commercial operations, then it must provide some evidence of an intention to use

or resume use within the reasonably foreseeable future, or provide some other reason that keeping the information secret helps retain a competitive advantage.

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