

5 STEPS TO SAFEGUARD YOUR TRADE SECRETS

Trade secrets can be extremely valuable. Reportedly, damages in litigation which included trade secrets in the US totaled approx. **\$3 billion** over the past three decades. To protect your trade secrets against theft or misappropriation, take these preventive steps.

A trade secret is information that:

- ▶ Has a commercial value
- ▶ Is only known to a limited number of people
- ▶ Is protected by reasonable measures to ensure its secrecy

Did You Know?

Thanks to its secret syrup formula, Coca-Cola, invented by pharmacist John Pemberton in 1886, had a net worth of about **\$234.5 billion** in 2021.



Pfizer paid **\$22 million** in royalty payments to the family of Listerine's inventor between the 1880s and the 1950s, even though the formula was revealed along the way.



1

IDENTIFICATION

Identify your potential trade secrets



2

DOCUMENTATION

Keep an up-to-date record of:

Label your trade secrets as restricted information according to their classification level: "COMPANY CONFIDENTIAL," "SECRET," etc.

- ▶ What the trade secret covers
- ▶ How it can be used
- ▶ Who developed it
- ▶ When it was developed
- ▶ Its classification level

Did You Know?

McDonald's recipe for the Big Mac special sauce recipe was so secret **it got lost** in the 1980s during reformulation. It was recovered years later thanks to a partner who had produced it earlier.



3

EDUCATION

Educate employees on:

Did You Know?

In 2006, an employee and two accomplices tried to sell the Coca-Cola formula for **\$1.5 million** to Pepsi, which got them arrested.



In 2010, one of the seven Bimbo Bakeries employees worldwide who knew the secret behind Thomas' English Muffins, was **barred** from switching to a competitor.



- ▶ Their contractual obligations regarding the non-disclosure of restricted information
- ▶ The use of restricted information after leaving the company
- ▶ Potential sanctions in case of a confidentiality breach

- ▶ Non-disclosure agreements (NDAs)
- ▶ Non-compete agreements (NCAs)
- ▶ Employment contracts



4

INFORMATION SHARING

Clearly define and implement the parameters for accessing trade secrets, based on:

- ▶ A need-to-know principle only
- ▶ Guidelines for restricted information-sharing outside the company and with other employees

Did You Know?

Only **10 people** in the world know where Heinz Tomato Ketchup's secret recipe is hidden.

The only **two** Coca-Cola employees who know the soda's secret formula simultaneously are bound by NDAs, never travel together, and remain anonymous.



5

ADDITIONAL MEASURES

Did You Know?

The original KFC recipe is protected by armed guards, **60cm-thick** walls, round-the-clock surveillance, and two unique pin codes used in combination to open the vault.



Google's search algorithm is regularly updated to **constantly test** and improve its protections.

The formula of household lubricant WD-40 has only been taken out of its bank vault twice in **70 years**.



- ▶ Technical safeguards
- ▶ Clear allocation of trade secret responsibilities within the company
- ▶ Potential whistle-blower policy

- ▶ Cybersecurity controls
- ▶ Physical controls



Innovate with Confidence.
Protect your IP.