

At the Intersection of Public Disclosure and Secrecy

A Primer on the Complementary Protections of Patents and Trade Secrets in Litigation

By Mark D. Giarratana, Thomas J. Rechen, and Snigdha Mamillapalli

Introduction

Widely recognized as the birthplace of American manufacturing, Connecticut has long had a need to protect—and a long history of protecting—the innovations of its citizens. Of course, protection for patentable subject matter has its roots in the United States Constitution,¹ and renowned inventors such as Samuel Colt, Igor Sikorsky, and even Mark Twain made Connecticut one of the highest per capita patent-originating states in the country.²

For nearly a century our Connecticut Supreme Court has also recognized trade secret law as a means of protecting intellectual property. In 1983, the legislature made Connecticut one of the first states in the union to adopt the Uniform Trade Secrets Act (“CUTSA”),³ helping to cement a body of law that was developing around the country just as it was here in the Nutmeg state. That uniform codification has now been enacted, with some modifications, in forty-eight states—excluding only New York, which relies primarily upon its common law, and North Carolina.

In 2016, Congress established a federal private right of action for trade secret misappropriation. In so doing, it created a first-ever single, nationwide, uniform trade secret law known as the Defense of Trade Secrets Act (“DTSA”).⁴ Among other things, the DTSA vested the federal courts with jurisdiction over virtually every trade secret action “related to a product or service used in, or intended for use in, interstate or foreign commerce.”⁵ Further, it provides civil remedies, provisions for *ex parte* proceedings, injunctive relief, criminal penalties, and “whistleblower” protections.

These two forms of protection are distinctly different, and yet they are highly complementary.

Trade Secrets Defined

Although the DTSA may appear more expansive than its state law

counterpart in its definition of a trade secret, both protect all manner of trade secrets provided two essential components are met:

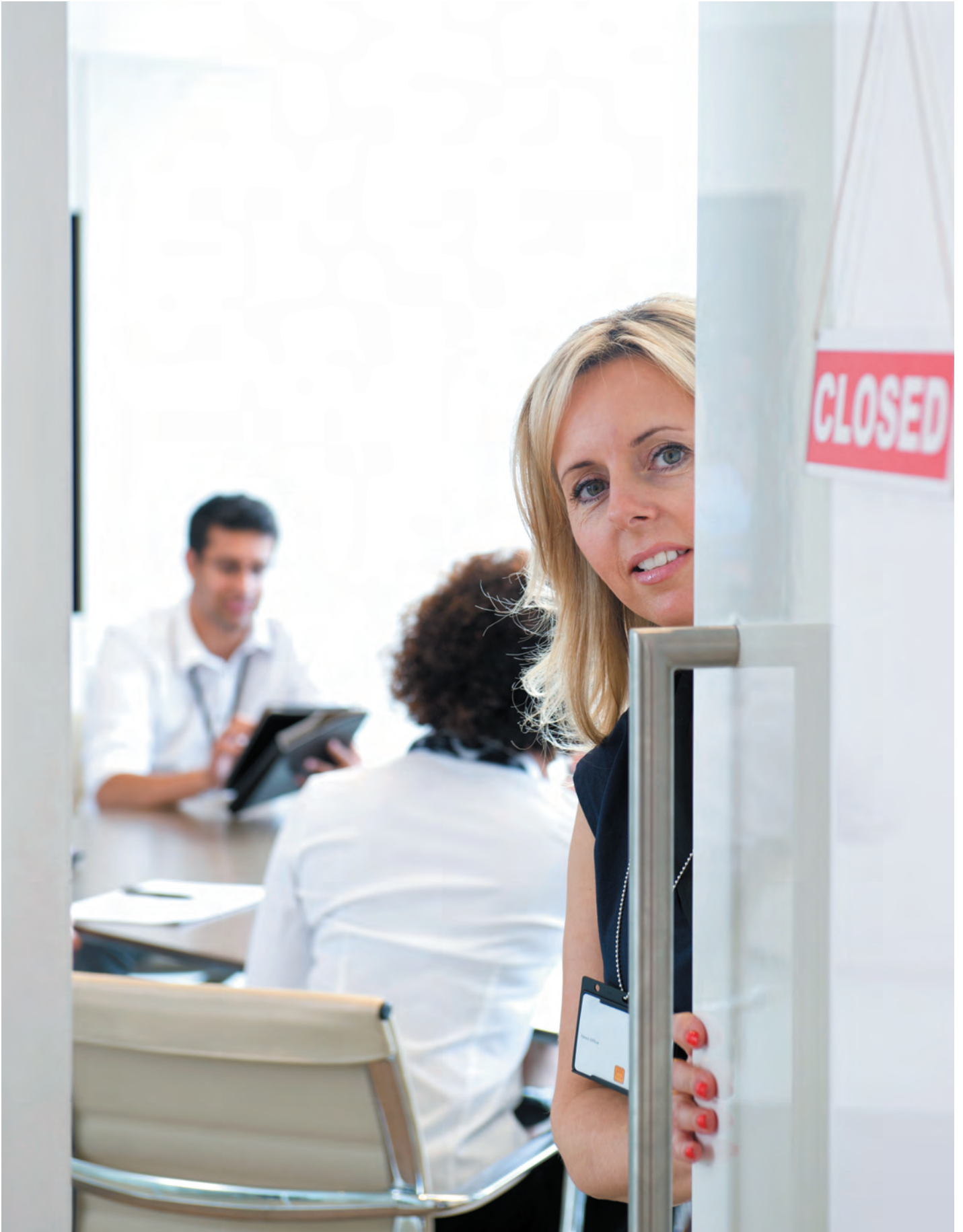
- The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information, and
- The information is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.⁶

By definition, matters of public knowledge and skills that are generally known to those with relevant education and training cannot qualify for trade secret protection.⁷

Identification of Trade Secrets with Particularity

Typically, the first battle in any trade secrets case concerns the amount of particularity a plaintiff must provide for the defendant to understand the claim and defend against it. Although a plaintiff’s first instinct is to be general, even vague, in specifying what it believes the defendant has stolen, the law generally requires a plaintiff to describe its trade secret with sufficient particularity.⁸ It is not enough to point to broad areas of technology and assert that something has been misappropriated.⁹ Thus, a plaintiff will want to walk the thin line between meeting standards of particularity, on the one hand, and on the other hand leaving itself the flexibility to tailor its trade secrets claims to facts developed during discovery. Otherwise, a plaintiff could inadvertently plead itself out of the case with specificity that entirely misses what the defendant has taken.

The defendant, however, will have a very different objective. It will want the plaintiff to be as specific as possible from the outset so that discovery may be narrowed and the plaintiff “pinned down,” preventing an ever-changing claim. Further, a specific identifica-



tion allows the defendant to test the plaintiff's alleged trade secrets against what is already in the public literature and generally known to or ascertainable by those who are skilled in the field.

These two competing objectives drive the initial skirmishes in any high-stakes trade secret litigation. While the law is clear enough that the plaintiff has the burden of articulating its alleged trade secrets with particularity, courts have also allowed plaintiffs broad discovery and the right to amend their claims as discovery reveals what the defendant may have taken.¹⁰ Indeed, courts have held that it is unnecessary to define every minute detail of a claimed trade secret at the outset of litigation, and that reasonable detail is enough for a defendant to prepare a defense and for discovery to be limited.¹¹

Trade Secret Misappropriation

Misappropriation is defined identically under the CUTSA and the DTSA.¹² To summarize, a misappropriation is any unauthorized acquisition, disclosure, or use of another's trade secret. Independent innovation, invention or design is always a defense to a claim of misappropriation. Acquisition, disclosure, or use of a trade secret by improper means is actionable. Under trade secret law "improper means" includes theft, bribery, misrepresentation, espionage, and breach or inducement of a breach of obligation to maintain secrecy (*i.e.*, breach of contractual confidentiality or non-disclosure obligations and breach of fiduciary duty and duties of loyalty).¹³

Proof of misappropriation by direct evidence is easy if discovery reveals documents showing actual theft, use, or unauthorized disclosure. Such cases are few and disposed of quickly, whether by settlement or summary judgment. More often the party accused of misappropriation has been clandestine—requiring that the necessary proof be established by circumstantial evidence and inference.¹⁴ Accordingly, courts have held that proof of access to trade secret information, together with proof of similar features in competing products, methods, or processes, may suffice to establish misappropriation.¹⁵ In some cases, courts have held that the burden shifts to the defendant to prove that the plaintiff's trade secret was not used.¹⁶ Conversely, where a plaintiff cannot establish that competing products, methods, or processes share innovative features, the proof will be insufficient to establish a misappropriation. Superficial similarity will not suffice.¹⁷

Patents vs. Trade Secrets

Patents offer a form of protection that is very different from trade secrets. Trade secret status is lost as soon as the information is no longer secret. But if reasonable efforts are made to maintain secrecy, a trade secret may last indefinitely. A patent, on the other hand, is published by the U.S. Patent & Trademark Office ("USPTO"). By definition the information in a patent cannot be a trade secret because it is disclosed to the public. To incentivize this disclosure and advancement of public knowledge, a patent owner is awarded a 20-year monopoly.¹⁸

Protecting intellectual property in innovations is often viewed as involving a mutually exclusive choice between patents or trade secrets. For example, trade secret protection may be pursued (i)



for non-public aspects of an otherwise patented product or process, (ii) where it may be difficult to prove infringement, such as for inventions involving secret manufacturing processes, or (iii) where the technology is rapidly evolving and may be outdated when the patent issues. Yet, in many situations these protections complement one another. Valuable information about a commercial product or process that is not disclosed in a related patent may be a trade secret.

In *Life Spine, Inc. v. Aegis Spine, Inc.*, 8 F.4th 531, 539 (7th Cir. 2021), the court affirmed a preliminary injunction against trade secret misappropriation even though the plaintiff's product embodying the trade secret was patented. The defendant argued that the information could not "remain a protected trade secret after the [plaintiff] patented, displayed, and sold the device." *Id.* at 541. The Seventh Circuit rejected the argument because the patent did not disclose the specific information that the plaintiff sought to protect through trade secret law. *Id.* The court acknowledged that "a company may not publicly disclose information in a patent and then claim that the information is a trade secret." *Id.* at 540. However, "a company can maintain trade secret protection in the undisclosed aspects of a product, even if it has publicly disclosed other aspects of the same product." *Id.*

In order to obtain a patent, the patent owner must disclose sufficient detail in the patent to enable skilled persons to make and use the invention. However, as in *Life Spine*, valuable trade secrets are often not disclosed in the patent. This can occur where the trade secret is not necessary to enable making and using the invention, or where the trade secret is acquired after the patent is filed. In such cases, the two forms of intellectual property complement one another and enhance the overall protection of the commercial product or process.

In contrast to a claim for trade secret misappropriation, a claim for patent infringement does not require proof of improper acquisition, disclosure, or use of secret information. Rather, a pat-

ent confers on the patent owner the right to exclude others from making, using, offering to sell, and selling the invention during the term of the patent, regardless of whether the defendant copied or improperly acquired or used any information from the patent owner.¹⁹ In order to prove patent infringement, the patentee must prove that every limitation in at least one claim is present in the accused product or process, either literally or by equivalents.²⁰ The accused infringer will typically argue there is no infringement because at least one limitation of each asserted claim is absent from the product or process. Another common defense is to assert that the patent is invalid. However, because a patent is granted after the USPTO examines it, every patent is presumed to be valid.²¹ A party seeking to invalidate a patent in district court must therefore prove invalidity by clear and convincing evidence.²²

Claim construction is often crucial in patent litigation and a key factor in resolving the dispute. It involves the interpretation of disputed terms in the asserted claims, which presents a question of law for the court.²³ Since the claims must be construed in the same manner for purposes of determining both infringement and invalidity,²⁴ the patent owner will argue a claim construction that is sufficiently broad to include the accused product or process, but sufficiently narrow to preserve its validity. The defendant, on the other hand, may argue for a more narrow construction to avoid infringement and/or a broader construction to establish invalidity.

When relying on prior art to prove invalidity, a defendant can assert that the patent claim is (i) not novel or “anticipated,” or (ii) “obvious,” meaning the claimed invention would have been obvious to a person of ordinary skill in view of the prior art.²⁵ Disclosures made to the public either before the invention date or patent filing date may be asserted as prior art to support such a defense.²⁶ A defendant also may assert invalidity based on a failure to meet one or more statutory requirements, including for (i) indefiniteness, where a claim is ambiguous, indeterminate, or otherwise fails to inform persons skilled in the art with reasonable certainty of the scope of the invention,²⁷ (ii) failure to comply with the written description requirement, where the patent fails to describe the full scope of the claimed invention,²⁸ or (iii) ineligible subject matter.²⁹

Petitions for *inter partes* review (“IPR”) before the USPTO have become a popular procedure for attacking patent validity. Over 1,000 petitions for IPR were filed each year during the past 10 years.³⁰ An IPR may only be brought on grounds that the challenged patent is invalid based on prior art patents or printed publications.³¹ A defendant must file a petition for IPR within one year of being served a complaint for infringement, and the USPTO must institute the IPR if the petitioner shows a “reasonable likelihood” of prevailing on “at least one claim.”³² In contrast to the clear and convincing evidentiary standard applied in federal court, the USPTO applies the lower preponderance of evidence standard to determine validity.³³ If the USPTO institutes IPR, a district court is likely to stay the litigation before, often resulting in a multi-year delay of an infringement claim.³⁴

Remedies for Trade Secret Misappropriation

Whether under the CUTSA or the DTSA, civil proceedings for misappropriation of trade secrets permit recovery of monetary damages and injunctive relief.³⁵ Monetary damages may include lost profits, lost costs of development (research and development damages), unjust enrichment (disgorgement of defendant’s profits), and reasonable royalties on defendant’s sales.³⁶ The court also has discretion to award attorneys’ fees and punitive damages in the event of willful and malicious misappropriation.³⁷

The purpose of monetary damages is to compensate the plaintiff for lost value of its trade secret.³⁸ Often, this will take the form of profits on sales the plaintiff would have made but did not make due to the misappropriation.³⁹ However, where the defendant has actual sales, the lost value may be compensated by disgorgement of the defendant’s profits or a reasonable royalty on its sales.⁴⁰ Yet another means of measuring value—sometimes referred to as a proxy for the value of the trade secret—is the cost of developing the trade secret, such as R&D costs.⁴¹

In determining lost profits, courts may consider profits on the sales the plaintiff would have made and would have reasonably expected to make in the future, but for the misappropriation.⁴² Unlike some jurisdictions, Connecticut plaintiffs must make an election between recovery of their own lost profits and disgorgement of defendants’ profits.⁴³

Damages must be limited to the amounts caused by the misappropriation and proved with reasonable certainty, not arbitrary assumptions or guesswork.⁴⁴ Further, where multiple trade secrets are claimed, damages must be proved with respect to each specifically alleged trade secret so that the finder of fact may avoid the risk of overlapping damages or an award that provides a double recovery in the event a misappropriation is determined with respect to more than one trade secret.⁴⁵

A plaintiff may recover all R&D costs reasonably and exclusively tied to the development of the misappropriated trade secret.⁴⁶ But a troublesome issue presents itself with respect to cost of development damages when, despite the misappropriation, the value of the trade secret is not entirely destroyed; *i.e.*, the plaintiff retains some benefit and use of the trade secret in parallel with the defendant.

“[T]he value of the secret to the plaintiff is an appropriate measure of damages only when the defendant has in some way destroyed the value of the secret. The most obvious way this is done is through publication, so that no secret remains. Where the plaintiff retains the use of the secret ... and where there has been no effective disclosure of the secret through publication the total value of the secret to the plaintiff is an inappropriate measure.”⁴⁷ In this instance a plaintiff is not entitled to recover all of its R&D expense because it has not lost the entirety of its value. In such a situation the plaintiff has to prove, usually through expert testimony, that portion of its R&D expense that may fairly be attributed to the defendant’s use.

Unjust enrichment damages, on the other hand, may be measured not only by a defendant’s wrongfully gained profits,⁴⁸ but also by the value of its wrongfully gained “head start.”⁴⁹ Although

potentially difficult to quantify, this may include R&D costs the defendant avoided through its theft.⁵⁰

As to a reasonable royalty, the plaintiff must prove what the plaintiff and defendant would have agreed to following a hypothetical arms-length negotiation of a license.⁵¹ In most instances this will require expert testimony related to fifteen factors first articulated in *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. May 28, 1970), the so-called *Georgia Pacific* factors.⁵²

Willful and malicious misappropriation in the context of trade secret misappropriation requires proof of a specific intent to cause actual or constructive harm.⁵³ If proved, the court may, in its discretion, award punitive damages up to twice the amount of compensatory damages.⁵⁴ In addition, the Court may award reimbursement of the plaintiff's reasonable attorneys' fees.⁵⁵ Conversely, a defendant may be awarded its attorneys' fees in the event a misappropriation claim was advanced in bad faith.⁵⁶

Remedies for Patent Infringement

As with trade secrets, there are two basic remedies for patent infringement: monetary damages and injunctive relief.⁵⁷ Monetary damages can include compensatory damages in the form of a reasonable royalty (the statutory minimum) or lost profits, enhanced damages up to three times the compensatory damages, in extraordinary cases, and attorneys' fees.

As is the case in trade secrets cases, a reasonable royalty is the amount that a reasonable patentee and accused infringer would arrive at if they were to engage in arms-length license negotiations and is generally governed by the same *Georgia Pacific* factors.

To receive lost profits, on the other hand, "the patent holder must demonstrate that there was a reasonable probability that, but for the infringement, it would have made the infringer's sales."⁵⁸ Courts apply the test outlined in *Panduit Corp. v. Stalin Bros. Fibre Works, Inc.* to assess entitlement to lost profits, including (i) demand for the patented product, (ii) absence of acceptable non-infringing substitutes, (iii) the patentee's capability to exploit the demand, and (iv) the amount of profit the patentee would have made.⁵⁹

A court has discretion whether to award enhanced damages up to three times the compensatory damage award.⁶⁰ In *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, the Supreme Court held that courts may award enhanced damages in their discretion in cases of egregious misconduct beyond typical infringement.⁶¹

A court may award reasonable attorneys' fees to either the patent holder or alleged infringer as a prevailing party.⁶² However, this is reserved for exceptional cases, i.e., one that stands out from others regarding either the substantive strength of a party's litigation position, or the unreasonable manner in which the case was litigated.⁶³

A court may award injunctive relief only on balancing the following factors: (i) whether the patentee suffered an irreparable injury; (ii) whether remedies available at law, including monetary damages, are inadequate to compensate for the injury; (iii) after considering the balance of hardships between the parties, whether an injunction is warranted; and (iv) whether an injunction may

be a disservice to the public interest. If the patentee and the adjudged infringer compete in the same marketplace, the likelihood of obtaining injunctive relief is high.

Conclusion

Connecticut practitioners have two distinct and complimentary bodies of law to ensure that Connecticut remains a hub for discovery and innovation for years to come. ■

Mark D. Giarratana is a partner at McCarter & English, LLP in the Intellectual Property practice group and is a past chair and member of the Executive Committee of the Intellectual Property Section of the Connecticut Bar Association. *Thomas J. Rechen* is a partner at McCarter & English, LLP in the Business Litigation and Intellectual Property practice groups, is a past chair of the Litigation Section of the Connecticut Bar Association, and is a member of the Executive Committees for the Litigation, Federal Practice and Intellectual Property Sections. *Snigdha Mamillapalli* is an associate at McCarter & English, LLP and is a member of the Young Lawyers Section.

NOTES

- 1 U.S. CONST. art. I, § 8, cl. 8.
- 2 Adriana Morga, *Connecticut inventions: 20 things that were created or patented in the Nutmeg State*, CT Insider (Aug. 11, 2021 11:23 AM), www.ctinsider.com/living/article/Inventions-created-in-Connecticut-16379555.php.
- 3 Conn. Gen. Stat. §§ 35-50 to -58.
- 4 18 U.S.C. § 1836.
- 5 *Id.*
- 6 *Id.* at § 1839; Conn. Gen. Stat. § 35-51(d).
- 7 *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 475 (1974); *Town & Country House & Homes Serv., Inc. v. Evans*, 150 Conn. 314, 318 (1963).
- 8 *Imax Corp. v. Cinema Techs, Inc.* 152 F.3d 1161, 1164–65 (9th Cir. 1998); *Next Commc'ns., Inc. v. Viber Media, Inc.*, 758 F. App'x 46, 49 (2d Cir. 2018).
- 9 *Composite Marine Propellers, Inc. v. Van Der Woude*, 962 F.2d 1263, 1266 (7th Cir. 1992); *Sit-up Ltd. v. IAC/Interactive Corp.*, 2008 WL 463884, at * 11 (S.D.N.Y. Feb. 20, 2008); *Tienshan, Inc. v. George*, No. X01CV044006907S, 2006 WL 329071, at *6 (Conn. Super. Ct. Jan. 24, 2006).
- 10 *Zoppas Indus. de Mexico, S.A. de C.V. v. Backer EHP Inc.*, No. CV 18-1693-CFC, 2020 WL 7586099, at *4 (D. Del. Dec. 22, 2020), *R. & R. adopted*, No. CV 18-1693-CFC/CJB, 2021 WL 75737 (D. Del. Jan. 8, 2021).
- 11 *Mullen & Mahon, Inc. v. Touchette*, No. CV176012016S, 2018 WL 4866408, at *5 (Conn. Super. Ct. Sept. 18, 2018); *Medtech Prod. Inc. v. Ranir, LLC*, 596 F. Supp. 2d 778, 789–90 (S.D.N.Y. Sept. 30, 2008).
- 12 *Compare* Conn. Gen. Stat. § 35-51(b), with 18 U.S.C. § 1839(5).
- 13 Conn. Gen. Stat. § 35-51(a); 18 U.S.C. § 1839(6).
- 14 *Dur-A-Flex, Inc. v. Dy*, No. X04HHDCV146049281S, 2017 WL 4273999, at *3 (Conn. Super. Ct. Aug. 14, 2017); *Parchem Trading, Ltd. v. DePersia*, No. 17-CV-1618 (KMK), 2020 WL 764211, at *11 (S.D.N.Y. Feb. 14, 2020).
- 15 *Sokol Crystal Prods, Inc. v. DSC Commc'ns Corp.*, 15 F.3d 1427, 1432 (7th Cir. 1994); *Dur-A-Flex, Inc. v. Dy*, No. X07HHDCV146049281S, 2020 WL 9074465, at *10 (Conn. Super. Ct. Nov. 23, 2020) (inferring misappropriation where plaintiff's former employee developed an identical product in a shorter period of time, in the same way, for the same purpose).
- 16 *Droeger v. Welsh Sporting Goods Corp.*, 541 F.2d 790, 793 (9th Cir. 1976).
- 17 *Stratienko v. Cordis Corp.*, 429 F.3d 592, 600 (6th Cir. 2005); *Wilson v. Hasbro, Inc.*, No. 3:05-CV-457-R, 2009 WL 860355, at *7 (W.D. Ky. Mar. 27, 2009); *Composite Marine Propellers v. Van Der Woude*, 962 F.2d 1263, 1267–68 (7th Cir. 1992) (*per curiam*).
- 18 35 U.S.C. § 154(a)(2). The term of a design patent is 15 years from the date of the patent grant. *Id.* at § 173.
- 19 35 U.S.C. § 271(a).

- 20 See, e.g., *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1273 (Fed. Cir. 2004).
- 21 35 U.S.C. § 282.
- 22 See *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011).
- 23 *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996); *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 331 (2015).
- 24 *Commscope Tech. LLC v. Dali Wireless Inc.*, 10 F.4th 1289, 1299 (Fed. Cir. 2021).
- 25 35 U.S.C. §§ 102, 103.
- 26 *Id.* at § 102(a).
- 27 *Id.* at § 112; *Nautilus, Inc. v. Biosig Inst., Inc.*, 572 U.S. 898, 902 (2014).
- 28 35 U.S.C. § 112(a).
- 29 *Id.* at § 101; *Diamond v. Diehr*, 450 U.S. 175, 185 (1981).
- 30 Lex Machina, Patent Litigation Report 2023, 29.
- 31 35 U.S.C. § 311(b).
- 32 *Id.* at §§ 315(b), 314(a).
- 33 *Id.* at § 316(e).
- 34 *Id.* at § 315(a)(2).
- 35 Conn. Gen. Stat. §§ 35-52 to -53; 18 U.S.C. § 1836(b)(3).
- 36 *Syntel Sterling Best Shores Mauritius Ltd. v. The TriZetto Grp., Inc.*, 68 F.4th 792, 808 (2d Cir. 2023) (discussing the DTSA's "broad compensatory damages provision").
- 37 Conn. Gen. Stat. § 35-53(b); 18 U.S.C. § 1836(b)(3)(C).
- 38 See Restatement (Third) of Unfair Competition § 45 cmt. d (Am. L. Inst. 1995) (noting that courts have recognized at least four methods of measuring monetary relief in trade secret cases: (1) the plaintiff's loss; (2) the defendant's gain; (3) the defendant's savings; and (4) the reasonable royalty for defendant's use of the secret).
- 39 *LinkCo, Inc. v. Fujitsu Ltd.*, 230 F. Supp. 2d 492, 503 (S.D.N.Y. Oct. 29, 2002).
- 40 *Evans v. Gen. Motors Corp.*, No. X06CV940156090S, 2003 WL 21040255, at *1 (Conn. Super. Ct. Apr. 22, 2003) (discussing reasonable royalty); *Topps Co. v. Cadbury Stani S.A.I.C.*, 380 F. Supp. 2d 250, 269 (S.D.N.Y. Aug. 2, 2005) (discussing disgorgement).
- 41 See *GlobeRanger Corp. v. Software AG United States of Am., Inc.*, 836 F.3d 477, 499 (5th Cir. 2016).
- 42 *Motorola Sols., Inc. v. Hytera Commc'ns Corp.*, 495 F. Supp. 3d 687, 708 (N.D. Ill. 2020) (finding jury award was directly tied to additional sales plaintiff would have made in absence of misappropriation).
- 43 *Evans v. GMC*, 34 Conn. L. Rptr. 425, 2003 WL 21040255, at *2-3 (April 22, 2003) (citing *Vermont Microsystems, Inc. v. Autodesk, Inc.*, 138 F.3d 449, 452 (2d Cir. 1998)).
- 44 *Agricultural Servs. Ass'n., Inc. v. Ferry-Morse Seed Co.*, 551 F. 2d 1057, 1072 (6th Cir. 1977).
- 45 *Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Elecs. Am., Inc.*, 895 F. 3d 1304, 1317 (Fed. Cir. 2018); *O2 Micro Int'l Ltd. V. Monolithic Power Syst., Inc.*, 399 F. Supp. 2d 1064, 1077 (N.D. Cal. 2005), amended by 420 F. Supp. 2d 1070 (N.D. Cal. 2006).
- 46 *Caudill Seed & Warehouse Co. v. Jarrow Formulas, Inc.*, 53 F.4th 368, 388 (6th Cir. 2022).
- 47 *Univ. Computing Co. v. Lykes-Youngstown Corp.*, 504 F.2d 518, 535 (5th Cir. 1974).
- 48 Conn. Gen. Stat. § 35-53(a); 18 U.S.C. § 1836(b)(3)(B).
- 49 *Epic Sys. Corp. v. Tata Consultancy Servs. Ltd.*, 971 F. 3d 662, 673 (7th Cir. 2020) (applying Wisconsin law).
- 50 *Steves & Sons, Inc. v. JELD-WEN, Inc.*, No. 3:16-CV-545, 2018 WL 2172502, at *6 (E.D. Va. May 10, 2018).
- 51 *Evans*, 2003 WL 21040255, at *1 (evaluating royalty as "the reasonable bargain the parties would have agreed to in good faith").
- 52 These fifteen factors include: (1) The royalties received for licensing the same products by others; (2) rates paid by defendants for use of other comparable trade secrets; (3) the nature and scope of the license, such as restrictive or non-restrictive and exclusive or non-exclusive; (4) the plaintiff's policy of protecting the trade secret; (5) the commercial relationship between the parties; (6) the effect that the sale of a trade secret would have on promoting defendant's other products, and generating sales for non-trade secret items; (7) the duration of the secret and the term of the license; (8) the established profitability of the product made with the trade secret; (9) the utility and advantages of the trade secret over older devices; (10) the nature of the trade secret, the character of the commercial embodiment of it as owned by the plaintiff and the benefit to the defendant; (11) the extent to which the defendant made use of the trade secret; (12) the portion of the profits or the selling prices customary in the business to allow for the use of the trade secret; (13) a portion of the realized profit that should be credited to the invention, as distinguished from non-trade secret elements like the manufacture and process, business risk and significant improvements added by defendant; (14) the opinion of qualified experts; and (15) the amount the plaintiff and the defendant would have agreed to in good faith.
- 53 *Dur-A-Flex, Inc. v. Laticrete Int'l, Inc.*, 2010 WL 2822742, at *3 (Conn. Super. Ct. June 21, 2010).
- 54 Conn. Gen. Stat. § 35-53(b); 18 U.S.C. § 1836(b)(3)(C).
- 55 Conn. Gen. Stat. § 35-53(b); 18 U.S.C. § 1836(b)(3)(D).
- 56 Conn. Gen. Stat. § 35-54; 18 U.S.C. § 1836(b)(3)(D).
- 57 35 U.S.C. §§ 283-84.
- 58 *Minn. Mining & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1577 (Fed. Cir. 1992).
- 59 575 F.2d 1152, 1156 (6th Cir. 1978); 35 U.S.C. § 285.
- 60 *Id.*
- 61 579 U.S. 93, 103-104 (2016).
- 62 35 U.S.C. § 285.
- 63 *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 553 (2014).

ALAN BUDKOFSKY

BUDKOFSKY APPRAISAL CO.

Certified General Real Estate Appraiser
RESIDENTIAL • COMMERCIAL • EXPERT WITNESS

ONE REGENCY DRIVE, SUITE 109, BLOOMFIELD, CT 06002

E-Mail Budappraisal@hotmail.com

Phone 860-243-0007

www.BudkofskyAppraisal.com