As Inventive Steps Become Smaller, Trade Secret Protections Grow in Importance

Melissa Ritti | May 20, 2025 | [Link]

The widely held belief that patenting confers protection superior to trade secrets still holds true in many situations, especially when an idea can be reverse engineered with ease. But nine years after Congress passed the Defend Trade Secrets Act, federal causes of action for misappropriation are on the rise — showing that the choice, for many, is murky at best. Panelists at the International Trademark Association today suggested companies of all sizes take stock of their workforce, its value system and the likelihood that coveted, business-critical information can truly be kept secret over the long haul.

The International Trademark Association marked a major milestone today with its official foray into patents. While it remains undecided whether INTA will extend its lobbying efforts to matters involving patents, the formation of a patents committee is underway.

The expansion makes sense in view of the sizable delegation of patent practitioners in regular attendance at INTA's annual meeting year after year, INTA CEO Etienne Sanz de Acedo said.

"You cannot look just at trademarks or designs or copyrights or trade secrets or even patents in silos, because that's not the reality of what businesses are doing," he added.

INTA dove right in, welcoming former US Patent and Trademark Office Director Kathi Vidal, now of Winston & Strawn, Benjamin Searle, director of patent development for HP, and Myrtha Hurtado Rivas, general counsel for Societe des Produits Nestle, for a discussion on the intersection of trade secrets and patents.

In some industries and for some technologies, the panelists agreed there is little choice to be made.

Pharmaceutical compositions, for example, enter the public domain via the US Food and Drug Administration approval process, making trade secret protection unavailable. Customer lists, meanwhile, aren't eligible for patenting, leaving them enforceable only as trade secrets.

For most others, the decision is decidedly less clear.

Rivas began today's discussion by declaring the days of "patent everything" over.

Noting that "inventive steps are not as big as they were in the past," she said patenting — while still important — is but "one tool in the toolbox."

Vidal agreed that there are many situations which call for opting out of the very public patent application process and opting into a trade secret-centric approach to IP management.

But, she continued, the impact of artificial intelligence should not be overlooked during the decision-making process.

“AI is scaling everything, right? It's scaling the inventive process, so that inventions are taking less energy to create. But it's also scaling the ability to reverse engineer,” a scenario not unlawful under the Defend Trade Secrets Act, she observed.

Thus, Vidal says the more pertinent question is: “can you keep it secret?”

The answer could require some corporate soul searching.

Certain industries with a young workforce prone to job switching and a deeply held belief that breakthroughs should be shared for the benefit of all may be better served with patent protection. “When I look at trade secrets,” Vidal mused, “if there’s any chance it’s going to get out the door, it’s not the thing you want.

“Yet another advantage to patenting, she noted, is that a patent signifies ownership of something new and novel; that, in turn, can provide a much-needed funding boost for small and medium-sized enterprises. “A lot of the value right now in companies comes down to their intangible assets, and most of that is patents,” Vidal added.

Searle suggested those on the fence work backwards from a starting point of, “what is the risk that the business is concerned about?”

”A trade secret protects the risk that the information that we've created would somehow walk out of the company and gives us an opportunity to try and claw that back ... Whereas patents give us protection against independent creation,” he explained.

As soon as the decision is made that trade secrets will be the chosen mode of protection, the panelists today all agreed that steps should be taken to lock the information down immediately, with Vidal suggesting trade secrets are broken into constituent parts so that no one individual has knowledge of the trade secret in full.

Similarly, Brian Landry of Saul Ewing told MLex last week that some clients have found success with a hybrid approach, patenting certain elements or steps of a novel method or process while leaving others as trade secrets, out of public view.

He called the lack of a central registration system for trade secrets a “a blessing and a curse.”

On one hand, he elaborated, innovators may find that they have viable trade secrets “down the road.” But on the other, that road may lead to litigation.

“Then you're trying to look back and document what actions the trade secret owner took, potentially five or 10 years ago, which just doesn't have the chain of evidence that a patent application does. That’s one consideration that is very much front of mind for me as an IP attorney,” he added.