



Trade Secrets in Minnesota

What are “Trade Secrets” and how do you protect them?

A former top Mayo Clinic executive is being sued for allegedly stealing trade secrets from Mayo, and allegedly using those trade secrets for the benefit of its new employer.

A “Trade Secret,” as defined under Minnesota’s Uniform Trade Secrets Act (Minn. Stat. §325C *et seq.*) is any information that “derives economic value,” including potential value, from the fact that it is not generally known, and that the company or person has taken reasonable efforts to keep secret. Ok, but what does that mean in English?

The most famous example of a trade secret is the Coca-Cola formula. It has value from being secret (only Coca-Cola has the recipe, and therefore only Coca-Cola can make it), and Coca-Cola goes to great lengths to keep the formula secret. Most businesses have trade secrets. In our industry examples of trade secrets include: customer lists; pricing information; financial forecasts; profit margin information; contracts and other agreements; overhead information; purchasing information; market analyses; names of potential customers; business methods; office techniques; personnel information; and other data compilations. It includes any information that gives your business a competitive edge in the market place. Once a trade secret is made available to the public, its legal protection ends.

So now that we have an idea of what trade secrets are, how do you go about protecting them? First and foremost is identifying your trade secrets and other confidential information. This information should be documented in your corporate records, as that documentation goes a long way towards proving the information is a trade secret, apart from other company information. Second, you need to take reasonable efforts to keep this information secret. What is “reasonable” means different things, depending upon the nature of the trade secret, the amount of economic value derived from the trade secret, the dynamics of the industry, and the environment of your workplace. The number one source of trade secret leaks are employees. After identifying your company’s trade secrets, you may want to consider a number of protections, including confidentiality agreements, non-disclosure agreements, implementation of procedures for arriving and departing employees, computer security measures, review of agreements with independent contractors and third parties, document destruction policies, among other efforts.

At Libby Law Office, we would be happy to sit down with you and discuss the things you can do for your business to help identify and protection your trade secrets, and help identify and protect any other intellectual property that is important to your business.